



Montana Board of Livestock Meeting Minutes

December 15, 2016

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

Board Members Present

John Scully, Vice-chair (cattle producer) Nina Baucus (cattle producer)
Lila Taylor (cattle producer) Sue Brown (dairy and poultry)
Ed Waldner (swine producer) Brett DeBruycker (cattle producer)

John Lehfeltdt was not present

Ed Waldner arrived at 8:18 am; Brett DeBruycker arrived at 8:29 am

Staff Present

Mike Honeycutt, EO Donna Wilham, Adm. Asst. to EO
Gary Hamel, Meat Inspection George Edwards, Livestock Loss Board
George Harris, Centralized Services Dr. Martin Zaluski, Animal Health
Dr. Bill Layton, Diagnostic Laboratory Evan Waters, Centralized Services
Leslie Doely, Brands Enforcement Division

Public Present

Quentin Kujala, MT FWP Gene Curry, MT Stockgrowers Association
Tom Linfield, USDA Veterinary Services

MEETING CALLED TO ORDER

8:09 AM

Vice-Chairman John Scully called the meeting to order at 8:09 AM

APPROVAL OF 10/27/16 BOL MEETING MINUTES

8:12 AM

MOTION/VOTE

8:12 AM

Nina Baucus moved that the October 27, 2016 minutes be approved as presented.
Sue Brown seconded. The motion passed.

OLD BUSINESS

8:13 AM

8:13 AM – Audit Updates

Mike Honeycutt reported on audits in progress and activities of the DOL regarding them

Lab Performance Audit Update

Mike Honeycutt said that the DOL is still working on requirements of Lab Performance Audit

- Still need to add more details to the Lab Cost Analysis
 - Lab fee structures
 - Competitive Markets
 - Lab Fee Schedule will be addressed at the beginning of 2017
- The programming language issue between USAHerds and VADDS is still being worked on by IT Staff
- It is open to conjecture whether or not the audit recommendation that the VDL be afforded a consistent amount of per capita funding was met
 - Comparing per capita funding requests in 2015, and Lab funding in 2015, in the 2017 biennium budget, there are significant increases of per capita expenditures in the lab
- Combined Lab Complex plans are still in the works
 - Information and needs assessment of all the labs has been given to the Montana Manufacturing Extension Center and are waiting for their analysis of that information and details and plans for architectural drawings and mockups

Financial Audit Update

Mike Honeycutt reported that the DOL is still waiting on a decision of the proper trust fund type to be used for estray monies

- Because of differing opinions on how the DOA and the Legislative Audit Division (LAD) were interpreting the Government Account Standards Board (GASB) regarding the funds, both were brought together to discuss how to deal with the funds
 - The LAD still feels their recommendation in the audit is valid because they based their determination on the Montana Operating Manual (MOMs) policy dealing with escheated property, where the owner is known
 - The DOR auditors do not believe the MOMs policy applies to estray funds because the owner is not known in estray situations
 - DOL will know the proper fund type to be used for estray funds when an official followup to the audit is done

Mike Honeycutt said based on conversation with the LAD and DOR, the DOL has answered each part of the financial audit satisfactorily

- Final payout of the previous Executive Officer was executed within State law

- Rerecord is now recognized on a monthly basis, ensuring it will last 120 months, according to State law

Brucellosis Audit Update

Mike Honeycutt gave an update on the ongoing brucellosis performance audit:

- The audit report is being compiled and written and should be out in a day
- An exit conference with the auditors is scheduled for January 3, 2017 at 10 am in the DOL conference room. Mr. Honeycutt has requested that John Lehfeldt and John Scully, as chair and vice chair of the BOL, be a part of that exit conference

8:26 AM – Lab Cost Analysis

George Harris said that the Lab Cost Analysis, one of CSD's major projects, has helped to determine how much general fund and per capita there should be on a consistent basis when building budgets. Evan Waters, who has been compiling the Lab's information, reported on the analysis:

- With the IT switch in the Lab to VADDS, 2016 numbers are not yet available, so the analysis so far presents 2013, 2014 and 2015 data
 - John Scully commented on the positives of looking at multiple years' worth of numbers
 - ✓ Shows escalation and change
 - ✓ Shows a trend over time, revealing what is happening with the number of tests done over those years
 - ✓ Shows, relative to the costs over time, what each unit costs during that period of time
- Progression to the VADDS program continues. Some VADDS glitches have been discovered
 - In Pathology, test numbers doubled within a month after starting VADDS in August; until it was discovered the program was counting incinerations as tests
 - John's disease retests, according to VADDS data, registered more in number than regular tests. VADDS was blowing up the value of the real test
- Cost and revenue pieces work for 2016 is done and the only piece left to add before Legislature is an accurate number of tests for 2016
- With a shortfall of \$636,338 excess of costs over revenues in zoonotic testing, data needs to be compiled for 2017 Legislators to show them how the Department is going to make that up without driving away the business
 - Summary sheet to be given to Legislators should describe independently all tests that take place in each part of the Lab, whether they are zoonotic or industry, average price per test, cost increases and cost per unit
 - On the cost side, testing costs of labs in neighboring states (Colorado State, Washington State, Iowa State, North and South Dakota) should be added to the summary
- Equipment purchases and leases were based on historical costs and amortized over five years

- John Scully said that the short depreciation period could be contested, but it does give the DOL a better idea for capital purchases and will reflect in the cost of doing a job
- In the past two weeks, average cost per test for each section of the Lab were calculated and determined to be zoonotic, industry economic, or “other” type of testing
- “Other” numbers cover Lab tests on small animals like feline or canine
- More tests are run on one sample taken from livestock (20-30 tests) than on one sample taken from felines or canines – which makes it appear like a significant amount of the Lab’s work (30%-40%) is done outside the livestock sector
- John Scully addressed two more areas of preparation for the BOL and DOL staff before the upcoming Legislative session
 - Compile a sheet showing price vs cost of each section of the Lab for the Legislators and be ready to defend the funding mix of each section
 - Although with brucellosis, general funding for the DOL was received from the inbound DSA dollars and the inbound revenue from the general fund. Scully cautioned to not roll it all in a ball but to take it one step at a time.
 - Consider Milk Lab costs separate from the rest of the Lab
- Dr. Layton said if Montana had a larger demand for swine testing, they would maintain the reagents needed for those tests in the Lab, but because they don’t, many of those tests are out-sourced

NEW BUSINESS

9:17 AM

9:17 AM – Long Range Building Process

John Scully requested further discussion regarding funding possibilities for the proposed multi-lab building complex:

- Scully discussed basic ways that the multi-lab building can be funded .
 - A federal grant, submitted through the Governor’s office
 - Submitted through the legislative long-range planning department
 - Submitted through the board of regents
- How to best obtain startup money or authorization for startup money of \$50,000-\$75,000 needed by the DOL to be able to participate in the industry analysis and planning portion of the building was discussed
 - Bring the request to the DOL 3-day hearing on January 18-20, 2017 and have the legislators that support it talk about it in support of the idea that we would be authorized to spend \$50K-\$75K for planning purposes
 - Gene Curry, Montana Stockgrowers Association (MSGA) said he has been visiting with various pharmaceutical companies and they may have some private funding available
 - ✓ Mike Honeycutt said since he is not sure how a state agency accepts that type of gift and would like it to be further explored
 - ✓ Concern was raised about the obligation of the DOL to the pharmaceutical company if the money was accepted

- ✓ Nina Baucus said she would report the possibility of pharmaceutical funding to Dave McEwen, who heads up the Lab Complex Building Committee

MOTION/VOTE

9:30 AM

Nina Baucus moved that the Board of Livestock take formal action to request authority from the Legislature to have a line item for money to use for the Lab Complex study. Lila Taylor seconded. The motion passed.

On the record, John Scully said he recognizes there is no dollar amount mentioned in the motion, so that will be left to the discretion of the staff.

9:31 AM – Legislative Planning

Mike Honeycutt reported on initial timelines for the DOL during the 2017 Legislative Session:

- The Agency Director is to give a five-minute introduction for the DOL to the Senate Ag Livestock and Irrigation Committee and be present for Committee questions on January 3, 2017
- Three days of hearings to go through all of the DOL's programs and budget are scheduled for January 18-20, 2017
- A Law Enforcement work session is scheduled for January 30, 2017 – DOL is hosting the event and Leslie Doely and Mike Honeycutt are working on the speaker agenda
 - Work session will include time to address issues in law enforcement and issues law enforcement is facing around the state
 - Section C personnel requested to be in attendance are game wardens, enforcement personnel and district investigators from the Brands Enforcement Division
- Legislators don't intend to take executive action to vote on DOL items until February 13, 2017
- Hearings are scheduled from 8:30 am – 12:00 pm

Because the DOL is "one time only," Mike Honeycutt said that granular detail needs to be provided for each DOL division and bureau for presentation to the Legislative committees:

- An auditor from the Legislative Audit Division shared with John Scully that the DOL didn't earn anything in the budget submitted to the Governor's office because the budget planning office delivered the DOL budget in a lump sum rather being divided up by division
- If the DOL budget is decreased more than the 9% requested by the Governor (4% vacancy savings + 5% reduction across all departments), other places for reduction in the budget will have to be sought out within the first couple months of the year
- Mike Honeycutt said even though in the EPP the two additional FTEs that were requested in the Meat & Poultry Division didn't make it into the Governor's

budget, there is an opportunity for possible reversal of that by having the DOL address the funding and risk to our operations at the Legislature, without being non-supportive of the Governor's budget

- A discussion needs to take place regarding how to fund the Milk Lab because some of the statutory fees assessed against the industry have been expanded and will be a concern for large and small operators

RECESS

9:58 AM

RECONVENE

10:10 AM

DIVISION REPORTS

10:10 AM

10:10 AM – Milk and Egg Bureau

General Updates

Dan Turcotte discussed the status of license renewals

- Renewals sent out early this year due to Office Manager Darcy Alm going on maternity leave in January
 - Returns are at 30%-50% on different categories and that is great for December
- Darcy Alm may do some part time work – billing and USDA work – during her maternity leave, which falls during the Legislative session
 - Dan said he is going to handle the emails and routine phone calls from his office in Billings

Mr. Turcotte reported that the egg grading is going well at the Great Falls plant

- Production has increased and staff is now working Saturdays
- Staff is operating on the old contract, receiving overtime when they work Saturdays
 - The company that is contracting the workers has the authority to change the contract. If they contract for that 6th day and don't operate, they pay for it anyway at regular rates.
- The next bunch of hens coming into production will come in late January or February, bringing it up to another full day of processing
- Plant staff is trying to determine whether or not to send some of those eggs out of state, to Roy, WA for processing

Mr. Turcotte reported that there have been issues with the computer system for the Bureau

- The IT staff is aware of the computer system issues and is working on solutions
- Because the DOL did not purchase a new computer system, the old system requires double entry between it and the excel spreadsheets
- Mike Honeycutt said the computer system was one item not listed in the Governor's budget, and so there is no authority to purchase it in the 2019 budget

- John Scully said that is an item that needs to be identified to the legislature

Proposed Rule Change(s) for Manufacture Grade Milk

Dan Turcotte explained the reasoning behind replacing ARM rules 32.9.201 to 32.10.106 with many of the 2011 USDA recommended rules for manufacturing Grade Milk

- Those ARM rules have not been changed since 1986
- Certain areas, such as the handling of sheep's milk were not addressed in the old rules
- The Milk and Egg Bureau has been having new processors follow the 2011 USDA recommended guidelines, but those processors are only bound by the ARM rules currently in place
- This recommended rule change would in many ways parallel what is done in the Pasteurized Milk Ordinance (PMO), the accepted Grade A document for the industry for interstate milk shippers
- Many states have adopted the USDA recommended guidelines as law and as new industry comes to Montana, it will be less of a hurdle for them to adapt to the more uniform standard of the guidelines

Mr. Turcotte requested that the specifics of the 2011 USDA recommended guidelines be reviewed with an attorney who can recommend which portions to keep and which to not keep in the ARM

MOTION/VOTE

10:32 AM

Ed Waldner moved that the Board of Livestock adopt the 2011 USDA recommended guidelines to replace ARM 32.9.201 to 32.10.106. Nina Baucus seconded. The motion did not pass.

Ed Waldner amended his motion

MOTION/VOTE

10:35 AM

Ed Waldner moved that Dan Turcotte go forward and make any changes that are important to be made to the USDA 2011 Recommended Guidelines and bring them back to the BOL. Nina Baucus seconded. The motion passed.

Mr. Turcotte spoke of the need to change MCA 81-22-101, Definition #20, which says that milk comes from lactating cows only and doesn't identify other species

- Species covered by the PMO are goats, sheep, water buffalo and camels for milk used for manufacturing, but they are not covered under the current Montana State law
- The definition change for MCA 81-22-101 needs to be done by the Legislature
- Mike Honeycutt said that the time period for agencies requesting legislation has passed for submission

- John Scully said that if the submission time had not expired for industry submissions, someone, possibly Krista Lee Evans of the Montana Milk Producers Association, could make the request for this legislation during the 2017 session
- If any cost expense issues are created by adopting the new rules, those would have to be made known to the Legislature and before public comment occurs

10:46 AM – Veterinary Diagnostic Lab (VDL)

Hazardous Waste Disposal

Dr. Layton discussed options for the VDL since being informed a couple weeks ago that within the next six months, MSU will no longer pick up the lab's hazardous waste material:

- The Department of Agriculture analytical lab is also affected by the change and the VDL will possibly utilize the same courier that they do, but with some modifications
 - It was suggested that the VDL put hazardous waste in a 55-gallon drum and store until the courier picks it up
 - Much of the VDL waste is alcohol-based, which is highly flammable and that could pose problems with the Fire Inspector
 - Two explosive-proof cabinets were harvested from the MSU chemistry lab that can be used for some of the waste storage
 - Alcohol and other flammable waste still needs to be kept separate from the other waste – Dr. Layton said he will talk to the Fire Marshall for direction
- Dr. Layton said that MSU hadn't charged the VDL for their disposal service, and so he would get numbers put together for presentation at Legislature of the added expense for disposal in the future

Fossmatic – Milk Laboratory

Dr. Layton discussed problems and requested direction since the Governor's budget did not include the requested purchase of a Fossmatic Milk Analyzer in the Milk Lab to be paid for with \$83,000 in general fund dollars:

- The Lab's current Fossmatic is over 20 years old and in 2018, the company will no longer maintain it or provide parts for it
- 50% of the tests done in the Milk Lab are done with the Fossmatic
- If the machine goes down, it will compromise the Lab's oversight responsibility to other labs and will cost the VDL more in labor costs
- The purchase request could go back to the Legislature as a request or risk item
 - Present the request to the Legislature with another purchasing option, such as leasing, which would bring the original \$83,000 request down to around \$20,000/year over a four-year period

Road Construction Update

Dr. Layton said that the road construction by the VDL continues

- Access to the Lab has not been a problem
- With the weather situation and the construction company running into materials problems, Dr. Layton does not feel the driveway project will be completed until Spring 2017

Brucella - High Volume Testing During Holidays

Dr. Layton said since Thanksgiving, there have been a high number of Brucella tests to run in the VDL, requiring that staff from other sections lend a hand so results can be sent out within 24 hours

- One possibility for the increased volume of Brucella tests could be because of the two bulls that just tested positive for brucellosis in Beaverhead County
- John Scully requested that the 2016 year-end numbers be compared to the current numbers and be presented to the Legislature as an example of fluctuation
- John Scully requested that Dr. Layton update his 2014 lab test fee schedule, across the board, by comparing those prices to current prices in adjacent state labs

11:09 AM – Livestock Loss Board (LLB)

George Edwards reported on the rising number of livestock predation claims coming into his office:

- Total number of claims in FY16 were 200 head. With November numbers just coming in, already this FY's numbers are at 199
- FY16 wolf claims were \$220,000+. Because statutory appropriation was only \$200,000, Mr. Edwards used a Federal grant to offset the State general fund dollars
- Cattle predations due to grizzly bears have increased this FY, but lower cattle prices have kept payouts down
- FY16 was a record year for livestock loss dollars paid out, but reported predations have increased already in FY17

Mr. Edwards reported that he had traveled 1870 during the past 2.5 weeks, attending various industry annual meetings and two bear meetings

- Mr. Edwards said that at the latest Interagency Grizzly Bear Committee (IGBC) meeting, Ken McDonald, MT FWP Wildlife Bureau Chief, stated to the Committee the need to delist the grizzly bear in the Rocky Mountain Front area
 - The IGBC put together a letter to submit to Fish and Wildlife Services, requesting the delisting process begin immediately
- MWGA passed a resolution to delist grizzly bears statewide and are working with Congressman Zinke and Senator Steve Daines to get that accomplished

Mr. Edwards reported on requests he had received to present and participate in some upcoming workshops

- Gary Bertolotti, FWP Region 4 Supervisor, requested Mr. Edwards in February 2017 participate with FWP in a work group to find resolutions for those living on the Front

- Wildlife Services asked Mr. Edwards to do a loss prevention workshop in Lewistown on February 1. He asked them to mark his presentation tentative, depending on Legislative activities

Mr. Edwards gave BOL members a Legislative watchlist handout for the LLB and detailed some of the bills

- Senator Eric Moore is carrying an LLB bill that contains cleanup language allowing the LLB to more accurately allocate loss prevention dollars
- LB84 does not increase dollar amounts for death loss claims, but extends statutory deadlines to the year 2022
- Mr. Edwards said that excess death loss account funds are on hold and cannot be transferred to Wildlife Services because of no authority to do so. Some legislators who spoke with Mr. Edwards said they would be in contact with the Governor's Budget Office to find a resolution

Mr. Edwards said that three of the LLB members' terms have expired

- Seth Wilson and Jim Cross, the two wildlife board members have reapplied for their positions
- Whitney Klasna, the LLB's cattle representative, said she would reapply, but had not done so as of yet. She lives in the Rocky Mountain Front area
- Coreen Gillespie, from the Kevin area has applied to be on the LLB and has had a lot of support from MSGA

11:23 AM – Predator Control

George Edwards read a depredation report from John Steuber, State Director, USDA Wildlife Services (WS), who was not present:

- According to Mr. Steuber's report, both grizzly and wolf depredation numbers are increasing in Montana
- In Federal FY15 (Federal FY runs from Oct 1 – Sept 30), wolves killed at least 42 calves, 10 adult cattle, 6 lambs, 5 adult sheep, 2 horses and one guard dog
- In Federal FY16 wolves killed 107 calves, 10 adult cattle, 20 lambs, 10 adult sheep, one horse and 4 guard dogs
- The number of WS wolf depredation investigations on livestock increased from 39 in Federal FY15 to 66 in Federal FY16
- Investigations on reported grizzly bear depredations by WS went from 46 in Federal FY14 to 88 in Federal FY15 and 84 in Federal FY16.
- The actual number of livestock depredated by grizzly bears increased from 111 head in Federal FY15 to 155 head of livestock in Federal FY16.
- In FY16, WS determined that probable livestock depredations by grizzly bears was 62 calves, 21 adult cattle, 53 lambs, 14 adult sheep, 3 horses and 2 alpacas

11:27 AM – Brands Enforcement Division

Crimestoppers Commission Member Appointments

Leslie Doely said she has possibly recruited two members of the public for the Crimestoppers Commission:

- The first recruitment is Mark Williams, a local brand inspector and a former member of Crimestoppers
 - Ms. Doely said she will research whether or not there is a problem with Mr. Williams being a local brand inspector for the DOL and being part of the Crimestoppers Commission
- The other person had not yet confirmed with Ms. Doely, but with the Crimestoppers Commission traditionally meeting in April, she is proposing an April date to have that done

Personnel Update

Leslie Doely gave an update on current personnel activities in the Brands Division:

- The Mortgage Clerk and Administrative Assistant vacancies in the Helena office and the District 10 District Investigator position in Missoula, closed on December 14, 2017
- The District 18 District Investigator position in the Glendive district will be advertised again and close on December 20, 2017
- There is just one more set of interviews to view before filling the District Investigator position in the Billings market
- Overtime and excess hours, staying within budget and feedback in the markets continue to be monitored for both full-time and short term workers
- There are two more District Investigator vacancies to fill in Lewistown and Glendive
- Wes Seward, a market inspector in Great Falls, has accepted the Kalispell position and will be moving to that area in the next few weeks. The Great Falls position will be posted
 - Mr. Seward is registered to attend POST training in January 2018
- Ms. Doely informed the BOL about the new in-service training program being incorporated into the Brands Enforcement Division that will bring the DOL more in line with the rest of the law enforcement community in Montana
 - The program mimics Highway Patrol, Fish & Game and Sheriff's officer training for newly-hired employees who do not have a law enforcement background and may be a year out from POST training
 - The employee is put through the program during their probationary period, and if they don't work out, they're not sent to POST, saving an expense
- Every new employee, whether POST-certified or not will go through training, specific to the DOL, such as livestock inspections, reading brands and getting familiar with what goes on at the livestock markets
- John Scully requested information from Leslie Doely on the IT situation of the Brands Enforcement Division

- Mr. Scully requested a report at the next BOL meeting from Leslie on the Fort Supply program, which is due for a March renewal deadline, to help determine whether or not to go with another provider
- Mr. Scully also requested regular updates from Leslie Doely on the progress being made in moving the local brand inspectors and inspectors to a full electronic environment

Out-of-State Travel Request

Leslie Doely requested permission for travel for four Brands Enforcement Division employees to attend the Western States Livestock Investigators Association Conference in Reno on March 7-9, 2017:

- Ms. Doely requested that the Division's two area managers, assistant administrator and possibly herself, depending upon Legislative activities, be the ones in attendance
- Ms. Doely wants to use the Conference as part of in-service training and the requirement for law enforcement staff to meet or exceed 20 hours of training every two years
- Although some of the requested persons to attend have been in attendance at the conference before, Ms. Doely said that she had no specific preference about who would attend, but that whoever went would bring back information for the staff

MOTION/VOTE

11:49 AM

Brett DeBruycker moved that three Brands Enforcement Division employees attend the Western States Livestock Investigators Association Annual Training Conference in Reno, NV on March 7-9, 2017. Lila seconded. The motion passed.

LUNCH

11:50 PM

RECONVENE

12:51 PM

12:51 PM – Executive Officer/Employee Reviews

John Scully discussed DOL Executive Officer/Employee reviews and issues:

- Mr. Scully said that every DOL employee review has been completed, but Mike Honeycutt's review still remained undone and he requested that the Executive Officer annual performance review be put on a scheduled basis
- Mr. Scully requested that because Mike Honeycutt is a contract employee, that he deliver information to Brett DeBruycker as chair of the BOL Employee Committee, as to the obligation of the BOL to advise the Governor's Budget Committee of that fact for any consideration of Mr. Honeycutt's performance so the BOL is covered in that regard
- A request was made for the status of the earlier-discussed training sessions for DOL managers in HR management requirements for state government

- Assurance needs to be made to the BOL that DOL job titles match their job description and salary

DIVISION REPORTS CONTINUED:

12:54 PM

12:54 PM – Centralized Services

Executive Budget 2019 Biennium

George Harris reported on the high points of the Governor’s budget and the Executive requests that came out in November:

- One of the major aspects of a present law adjustment of restoring the DOL base was done, based on the 2017 standard budget and the personal services that were processed through the Governor’s Budget Office
- Stephen Forest, a fiscal analyst in the Legislative Audit Division, will help the DOL dissect the Governor’s budget, pointing out what is missing and what is not
- FTEs for the DOL were listed at 132.62, an extra one compared to previous years because of the requested attorney position
- Highlights of EPP requests that were approved or disapproved included:
 - In the 2019 biennium, the \$100,000 Milk Control Study was approved and is to be paid for in state special revenue
 - The requested attorney position was approved in state special revenue funds for \$103,787 in FY and \$103,886 in FY19
 - \$3,900 of state special revenue funds were approved in CSD for PC replacement
 - The DOL pay adjustment was not included in the Governor’s budget
 - ✓ The Governor’s office used FY17 budgets to set a base budget. DOL used FY16 budgets when establishing figures for EPP salary request figures. FY 16 figures were 8%-10% higher than FY17’s, a total of roughly \$400,000, the cost of the raise package
- Present statewide present law adjustments would decrease the DOL budget around 9% (4% vacancy savings + 5% reduction across all departments)
 - The general fund request at the VDL of \$900,000/year was around \$18,000 less in general fund dollars than in previous years because of the 5% Governor’s budget reduction request
 - The Meat and Poultry Inspection Bureau budget was decreased by \$103,000 in general fund dollars because of the Governor’s budget reduction request
 - Personal Services in the CSD was decreased by nearly \$53,000 annually because of the 4% vacancy savings reduction

State Special Revenue Collection Comparison FY2016 with FY2017 Actuals

Reporting on the State Special Revenue sources for the DOL, George Harris said there was nothing alarming to report since the last BOL meeting:

- In the Brands Enforcement Division, Mr. Harris said he believes there will still be some fall market revenue trickling in through December
 - Local inspection numbers stayed about the same as compared to last year – Market Inspections jumped \$69,315 higher; projected revenue for both in FY17 is \$1,394,467
 - Local inspection revenues are up \$5,331 from last year, possibly because many ranchers shipped earlier this year
 - Per capita revenues are coming in as expected, even with the change in the collection cycle in 2016 from November to May
- Mr. Harris said he is not concerned that the laboratory fees in the Animal Health Division are down \$26,715, because of the collection process
- Milk lab fees were up \$14,773 from last year at \$155,709

FY2017 Expenditure Projections for Fiscal Year End (FYE) 2017

George Harris said that meetings have been held with DOL managers to discuss expenditure projections and he reported on department projections as of November 30, 2016, adding that DOL operations are looking good

- Mr. Harris said that overall, personal services are fine for the DOL at a total of \$319,300
- Total budgeted funds for the DOL are at \$783,010, well within department authority and budget
- For CSD, personal services are projected to be positive by \$1,815, but total operations are projected to be \$82,633 – A house adjustment can be made between the two if needed in months to come. The budget is healthy with a projected \$76,603 balance to the end of the year
- Chad Lee ran his own numbers for the Milk Control Bureau, showing a positive projection of \$13,613 balance to the end of the year
- The LLB reports a projected positive balance of \$1,825 to the end of the year
- The VDL and Milk Lab will be projected together in the next presentation. This month, VDL shows a negative \$21,309 in personal services, but that includes projected payouts. If no payouts occur, the VDL would be a positive \$80,000 in personal services
- Supplies and materials and other items are eating up the operations budget in the Milk Lab with a negative \$9,783 projected. Personal services however, are \$7,305 to the positive
 - The Milk Lab has \$146,894 in expenditure authority, but there are roughly \$80,000 more in Milk Lab expenses that have been transferred into the main lab budget because the Milk Lab does not have authority for those expenses
- The projected expenses in personal services in the Meat and Poultry Division show a negative \$93,306 partly because it included possible payouts of employees eligible to retire, a total of \$91,900
 - There are also some additional personal services costs in the Meat and Poultry Division because of the unexpected overtime, travel expenses, etc. that were needed to cover the Bitterroot Poultry situation

Budget Status through September 2016

George Harris said that the budget status numbers in his handout are not projections, but budget amounts of where the DOL is standing right now

- The DOL Personal Services budget is 33% expended and is \$71,739 higher than in November 2015
- DOL Operations expenses were \$110,595 lower than in November 2015
- Overall, the DOL total expenditures were \$9,464 higher than the same period last year with 32% of the budget expended

Mr. Harris said the DOL cash analysis, ending November 30, 2016, is very similar to last month

- The DOL projected per capita fee expenditure projection is \$4,118,207, with a projected ending cash balance on June 30, 2017 of \$3,382,390
- The projected ending cash and investments balance in Brands Inspections for June 30, 2017 is \$4,090,050
- The VDL ending cash balance on June 30, 2017 is projected to be \$230,876, a current year net increase of \$18,978

George Harris reported on the meeting he and Evan Waters attended earlier in the week at the DOR

- They discussed the DOR's new system for collecting per capita revenue for the DOL
 - With the new DOR system, it has been difficult to pin exact dollar amounts with the year they are received
 - The DOR said they are working with the vendor who built the new system and are putting \$20 -\$25K additional revenue in to help fix that problem
 - The DOR will also be working on helping to find the taxpayers who haven't paid their per capita bills, a total of \$140,000
- The DOR said that next year will run more smoothly in terms of reporting and information of per capita
- The DOR will be putting out a document for FY17 per capita tax collection showing how they are going to collect it. That form be put on the DOL website when it is released
 - The form shows when per capita payments are due and also shows per capita fee rates
- The DOR said will be going to go through the process of getting the 2015 and 2016 unpaid per capita fees put into the offset
 - DOR is working with Montana Interactive (MI) to get the per capita database working because it appears that there is incomplete data at the moment

Per capita is not voluntary, but required under Montana statute 15-24-921

- Enforcement of the statute has been the issue in not receiving per capita from producers
- If per capita numbers are not reported, DOL has no legal authority to enforce that statute because the department is not in a position to deny service
- County Assessors used to act as compliance staff, but when the collection of per capita was turned over to the State, that ended

- DOL does not want to turn Brands inspectors into tax collectors

Statistics show that per capita is not being paid on over three million cattle and calves in the state of Montana

- Interfacing DOL computer system with DOR's system could help track per capita payments better
- The DOL plans to do promotion of per capita in January and February to make producers, whether novice or new to the state, and veteran producers, aware of it
 - Get per capita handout cards into the hands of veterinarians
 - Brands Inspectors can leave handouts with producers
 - Newspaper ads
 - Public service announcements on radio and TV

Per Capita Refunds – Livestock Moved Between States

George H. requested BOL permission to refund a percentage of per capita monies already paid to the DOL to four producers whose animals had grazed in another state for a portion of the year:

- Refund is based on Montana statute 15-24-922
- Four producer requests for the refund were made to DOL by the January 31st deadline

MOTION/VOTE

2:08 PM

Sue Brown moved to refund per capita money to four producers (a total of \$1200), according to Montana statute 15-24-922. Nina Baucus seconded. Ed Waldner and Brett DeBruycker voted against it. The motion carried.

Information Technology Update

Dan Olson, IT Manager, gave an overview of recent activities in the DOL IT Department

- Operating with three FTEs in the IT Department, a total of nine systems are supported on a daily basis
- There was a convergence of systems requested by the Department of Administration, moving the DOL data server, including backups, that went very smoothly
- A lot of face-to-face time has taken place between IT personnel and field people to assure that they know the face of IT rather than just the voice
- Fall run went smoothly this year, with some support calls received on the archers, but all were able to be resolved
- The DOR is requiring the DOL to move to a new technology on the website, making it transparent not only to internal staff, but to the general public as well. This should be completed by the end of December 2016
- Starting in 2017, a modified tracking system for tickets will be put into place that will better show where IT support goes and what is being done

2:17 PM – Meat and Poultry Bureau

Gary Hamel said that there will be two audits in the Meat and Poultry Bureau coming in the spring of 2017

- A civil rights on-site audit is scheduled for March 30, 2017
 - Audit covers state infrastructure and civil rights training
- A performance audit is not yet scheduled, but will be sometime in the late spring
 - The Meat and Poultry Bureau has a performance audit every three years
 - Mr. Hamel said they are prepared for that audit, but will receive help from the DOA to ensure a smoother process

Mr. Hamel gave updates on some of the state slaughter facilities

- The poultry slaughter facility in Hamilton has ceased their operation for the winter, but should be back online in the spring
 - The two inspectors for the Hamilton facility continue to be kept busy, even with its closure, with 2 other slaughter facilities and meat depots to inspect, the Public Health Information System (PHIS), and custom exempts
- A previous USDA slaughter facility in Laurel was renovated and hopes to come online as soon as possible as a fully-inspected facility
 - A Billings inspector will be able to do inspections there twice a week
- As of right now, there is no inspector for a Helena facility that put in an application, but is still in the process of getting the slaughter floor up and running
- Four out of five new applicants are in eastern Montana in strategic locations that the Meat and Poultry Bureau can accommodate

John Scully said that the DOL needs new plant applicants to include some kind of a business plan with their application, possibly requiring it through administrative rule:

- To service plants that want to come on-line, a business plan would give the DOL direction on how many inspectors are needed in an area
- A solid business plan from these plants gives the DOL a better picture of how to approach the Legislators for funding
- Other organizations that might help with ideas for the best way to acquire business plans from the new plants are
 - MT Department of Agriculture
 - Montana Meat Processors Association
 - Local economic development associations

Mr. Hamel said that he and three supervisors (Nick Wormgoor, Marci Lipke and Olen Hamilton) attended a Professional Development Course on Effective Communication on November 30, 2016 in Helena

- The course focused on barriers to communication, listening skills and awareness and communication process

Request to Fill Meat Inspector Position

Gary Hamel said that meat inspector Dick Fitzpatrick from the Southwest District, is retiring on December 30, 2016 after 25 years and requested permission to fill that position

- Mr. Hamel hopes to fill the position immediately after Mr. Fitzpatrick's retirement because of problems with juggling staff

- Notice of a second retirement has also been given and will take place sometime in 2017 after the on-site audit has been completed
- The current budget projection does cover two retirements, but does not include Enforcement Investigations and Analysis Officer (EIAO) training for the new replacements

MOTION/VOTE

2:41 PM

Ed Waldner moved to fill the Southwest District meat inspector position. Brett DeBruycker seconded. The motion carried

2:42 PM – Animal Health Division

Proposed Alternative Livestock Rule Changes

Per producer request, Emily Kaleczyk introduced a request to change text in the current Alternative Livestock rule:

- The change would allow producers to collect Chronic Wasting Disease (CWD) samples and place official identification in their own animals rather than require it be done by an Alternative Livestock veterinarian
- Animal Health Division conducted a survey of other state animal health officials which revealed that the rule change would be in the limits of what other states would allow
 - 40 states responded, with 30 having alternative livestock programs
 - Over half of those 30 states allow alternative livestock producers to collect their own samples for CWD testing
 - Nearly 90% of those 30 states allow producers to place tags in their own animals
- Rule text change would require producers who have CWD-certified herds to be in full compliance with the DOL program standards and have gone through at least five years of CWD surveillance to get that certification status
 - If samples submitted by the producer are found to be non-diagnostic, the DOL can revoke a producer's privilege of taking their own samples and require that a veterinarian do it in the future or require that a veterinarian retrain the producer in how to do the process
 - ✓ Concern was raised about the veterinarian's liability in training a producer how to do the sampling process
- No immediate action was requested on the proposed rule change. The producer requesting the change can make their case at the next BOL meeting and the BOL can decide then if the rule change should be submitted to the Secretary of State's office for public comment

Out-of-State Travel Request

Dr. Zaluski made a request for either himself or Dr. Tahnee Szymanski to travel to Denver, CO on January 17-18, 2017 to attend the “Equine Forum: Advancing ID, Technology and Electronic Health Records”:

- Travel and work session would be paid for by Federal traceability funds
- The intent of the work session is to decide on a standard or recommendation of an ID that would be acceptable and practical for horses
- Equine ID is challenging in many states with the standard being a photo of the horse
- A strong candidate for a universal horse ID is microchips Seminar will help make the distinction of what IDs for horses are acceptable and which are practical.

MOTION/VOTE

2:54 PM

Ed Waldner moved that an Animal Health staff person attend the “Equine Forum: Advancing ID, Technology and Electronic Health Records,” on January 17-18, in Denver, CO. Sue Brown seconded. Motion passed.

Blanket Request to Hire Animal Health Traceability Compliance Tech

Dr. Zaluski requested that the BOL approve a blanket request to hire an Animal Health Traceability Compliance Tech in the Animal Health Department:

- The position is an entry level data entry level position with a high level of turnover
- Position is funded by the Federal Traceability cooperative agreement, so the budget is solid
- Suggestions of how to quell turnover in the Traceability Compliance Tech position were discussed
 - Utilize a temp service
 - ✓ A temp service adds 25% more salary to the regular State wage for that position
 - ✓ A temporary employee has no benefit package and no investment in the DOL
 - Job share the position with a person that has a “more exciting” position
 - Utilize the Carroll College work program

MOTION/VOTE

3:03 PM

Brett DeBruycker moved that blanket authority be given to Dr. Zaluski to hire a Traceability Compliance Tech in the Animal Health Division. Sue Brown seconded. Motion passed.

General Updates

Dr. Zaluski gave an update on the brucellosis epidemiology investigation situation:

- There are only about 800 animals of the 5,000 adjacent to the affected premises that still need to be tested

- The affected herd will get a second test, hopefully a clean test, in January
- Affected animals are on an advanced rapid test schedule to get as many tests done as possible to be released from quarantine

Dr. Zaluski said that the Animal Health Division had received the results of the genotyping test results from Ames, IA of two brucellosis-infected bulls in Beaverhead County:

- There was a near match of the isolate of the bulls to a Brucella isolate that was taken from an elk in 2012
- The strain of brucellosis that is circulating in the elk population in that area is the most likely source of the infection in the two bulls

Dr. Zaluski gave an update on the Canadian TB outbreak investigation:

- After a DOL press release on the TB outbreak was sent, the Animal Health Division received a number of calls from ranchers, producers and media organizations
 - Six positive animals were tested on 18 premises
 - 26,000 animals on 45 premises are quarantined
 - The Canadian government requires that 10,000 animals be depopulated due to the TB outbreak
 - ✓ Canadian law requires that all animals from an infected herd be depopulated
- In the US, there were 10 cases of TB at slaughter in the last year
 - One of the TB cases originated from Canada
 - Genotyping on three or four of the TB-positive animals showed that the TB was similar to strains from Mexico. The TB strain found in the remaining animals could not be identified as to its origin

Mike Honeycutt detailed the November 7, 2016 bison transfer from YNP to the Ronan slaughter plant:

- A 2011 executive order from then Governor Schweitzer requires that when bison move across MT from YNP for slaughter, that an armed escort must travel with the shipment
- For the November 7, 2016 bison shipment, the USDA was contacted, but no armed escort was engaged to travel with the shipment to Ronan
- The bison shipment was stopped and held, mid-journey, by a DOL enforcement employee due to no armed escort
- With a go-ahead from the Governor's office, the DOL provided an armed escort to an area near Deer Lodge, where CSKT tribal enforcement took over and provided the armed escort the rest of the way to Ronan
- The incident precipitated a letter from Governor Bullock to YNP Superintendent Wenk, re-enforcing the armed escort requirement and notification of 24 hours in advance of shipment, of both the USDA and MDOL when bison are being taken from YNP across the state to slaughter facilities for tribal meat

3:27 PM – Milk Control Bureau

- Chad Lee reported that the Milk Control Board meeting that was scheduled for December 16, 2017 was rescheduled by the chairman to sometime during the first week of January 2017
- By statute, Milk Control assessment rates are due by April 1, 2017
 - Mr. Lee said that most likely, those rates will be dropping around 14%
- Mr. Lee said that the Bureau is monitoring bills and preparing for the upcoming Legislative Session
 - Up to this point, there is only one potential bill that has a milk bill draft title, but Mr. Lee said he will monitor others to see if they relate to the Bureau
- Milk prices dipped in November, but were fairly high in December. January prices will not be available until December 21st
 - Quarterly prices, in general, drop because of less milk consumption after Christmas

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

3:29 PM

- Gene Curry, whose tenure as president of MSGA ended in December 2016, thanked BOL members who attended the most recent MSGA Convention, complimented them on the reports they gave and said they were very well received
- Mr. Curry said that MSGA policy discussed during a meeting at their convention, stated that all bison in Montana be considered livestock except those in the bounds of YNP and MSGA wants to go on record as saying that the DOL be in control of those bison if they are going to be outside of YNP
 - Mr. Curry stated during the policy meeting that per capita fees may not cover DOL expenses to control those bison (\$6.38/head on domestic bison)
 - Mr. Curry said that if they can, the DOL needs to take control of the bison industry, collecting per capita and somehow finding those who have not been paying.
 - He was wondering if the APF were paying per capita on their bison
- Mr. Curry volunteered to continue attending BOL meetings as an MSGA representative and will lend any help he can to get the DOL's budget passed during the 2017 Legislative session
- Mr. Curry is working with the MWGA on getting grizzlies delisted and believes that to make any progress at all, the issue needs to be approached through Federal legislation

SET DATE FOR NEXT BOARD MEETING

3:35 PM

The BOL decided to not set a date as of yet for the next board meeting, but they do plan to schedule one sometime before the March 2, 2017 transmittal date

MEETING ADJOURNED

3:46 PM



John Scully, Vice-Chairman