

Minutes of the Milk Sanitation Board

Thursday December 12, 2013

The meeting of the Milk Sanitation Board was called to order at 10:00 a.m. by Chair Roger Tedrick in the Bromfield Building at the Ohio Department of Agriculture Campus. The following members were in attendance:

Mr. Chuck Ellis

Mr. Amos Miller

Mr. Doug Longenette

Mr. Gene Phillips

Mr. Jim Stockert

Mr. Chad Hollon

Mr. Rocky Volpp

Mr. Roger Tedrick

Mr. Tedrick outlined the agenda for the meeting and added that the Milk Sanitation Board members will be subjected to mandatory employee awareness training relative to human trafficking. In addition there are a couple of other forms that will need to be signed.

Approval of Minutes of the Last Meeting (August 1, 2013)

Mr. Volpp moved to accept the minutes from the August 1, 2013 meeting. Seconded by, Mr. Ellis. Passed by voice vote.

New Board Appointments

Mr. Rocky Volpp and Mr. Tim Shipley have been reappointed to the Milk Sanitation Board. The other position is that of representing the hauler segment of the industry replacing Mr. Chad Hollon. We are presently not at liberty to announce Chad's replacement as the individual is going through the vetting process. Chad has been on the Milk Sanitation Board for 20 years and has been helpful in a number of efforts through the years. Not the least of which was the effort that brought to fruition the Hauler Manual, Brochure and Video that is vital in training of new Weigher, Sampler, Testers. Chad was asked who he replaced on the Board all those many years ago and he knew that it was Mr. Tom Burkey from Tuscarawas County.

Director Daniels – Update

Director Daniels thanked the Board for their commitment to serve and went on to talk about the Ag Magazine that the Department has produced and handed out to the Board members. The hope is to yearly point out issues and highlights in agriculture.

Director made mention of a few new regulatory responsibilities. Dangerous wild animals, high volume dog breeders and captive white-tailed deer. White-tailed deer is a \$60 million business here in Ohio.

Budget has been stable and looks to be into the near future.

Director Daniels told the Board of an awards program he was to attend that afternoon. Governor and Karen Kasich created a “Women in Agriculture Award”. So this afternoon the Governor and Ms. Kasich will recognize 4 distinguished recipients of this award, trying to shine a positive light on the contributions of women to the profession of agriculture.

Mr. Tedrick mentioned that two of the recipients had ties to dairy. Micki Zartman and Lisa Schacht, Micki was in numerous events that highlighted dairy and Lisa came off a dairy farm in Mahoning County before settling into the Canal Winchester Area.

Dairy Division Budget and Staffing

Mr. Tedrick pointed out the Dairy budget is stable; work is getting done, staffing has been maintained and vehicles have been replaced. We mentioned at the August meeting that Keith Thompson was promoted to supervisor. We have announced the addition of Anna Tucker as his replacement in the field.

Mr. Tedrick drew attention to financial reports comparing similar time frames ending November 30 which were included in the Board’s packets. Also the 4r20 fund or industry fund as of yesterday has \$331,731. A little on the heavy side but these funds are being built and targeted for purchase of 3 to 4 vehicles.

Mr. Tedrick told the Board that the Dairy Division is becoming more involved on a national level. Mr. Tedrick is on the NCIMS Executive Board and Appendix N Drug Residue Committee. Brian is now involved as a Council I member and a big part of AMDERC. (Equipment Review Committee) FDA has monetarily helped us on a number of occasions and they are telling us in the future we should be able to rely on them funding our travel. In addition to this, our Survey Officers are required to attend mandatory training and FDA has and will continue to help fund that.

Milk Surplus vs. Milk Deficit

Mr. Tedrick mentioned that at the August Board Meeting the question was raised as to where Ohio stood in relation to being able to supply the processors needs. In response to that Mr. Tedrick compiled some numbers and a narrative. The Board took some time to discuss that report.

Mr. Ellis asked a tie in question as to fees coming from in-state processors and more and more producer milk being shipped into the state to meet demand. Mr. Ellis's pointed out that in the past cost of running the Division was set mainly on producer numbers and inspecting them. He asked that the Division cost down the road takes that into account.

Mr. Tedrick first made case that cost have been contained and Division has operated on a set \$135,000 per month. In addition, farm inspectors have been reduced by at least 3 over the last 10 years. Even with that farms per inspector (~340) are much greater than most and all of the surrounding states.

Mr. Wise also pointed out that there is also a cost to servicing the processing side. Inspections, sampling, Appendix N Drug residue program and equipment tests are just a few of the functions that must be accomplished. Also expansions and a couple new plants on the drawing board will put pressure on our 5 plant inspectors.

Mr. Hollon asked if Manufacture Grade and Grade A were assessed the same. Mr. Tedrick answered no. Manufacture Grade fees are levied 50 cents on the dollar.

Mr. Stockert asked what the breakdown of expenses processor vs producer?

Mr. Tedrick said that it is probably closer than we think. Keep in mind that a Grade A producer is inspected twice a year. A Grade A plant is inspected four times a year, sampling is done every month, equipment testing is done four times a year and such things as vitamin testing, is conducted in addition to that.

Mr. Stockert asked if the Dairy Division had a ratio of Processor vs Producer cost?

Mr. Tedrick said he did not know for sure, could try to evaluate that for next Board meeting. But thought ratio might be 60/40 plant expenditures.

Mr. Ellis thought that this issue of milk availability will become a bigger issue moving into the future. If plants cannot get the milk they cannot sustain operations for any length of time. Mr. Ellis also mentioned that the State of Wisconsin is being very aggressive with their cheese

industry and Michigan lies between us and them so we could be outcompeted for that milk in the future.

Mr. Tedrick mentioned that the Director has asked him a time or two about any ideas as it relates to more producer milk. Mr. Tedrick said that he is at a loss to come up with a responsible program resulting in more milk. Mr. Tedrick asked Mr. Ellis if he had specific ideas?

Mr. Ellis told that he had heard Governor Walker speak and outline goals. One of which was to increase milk production in Wisconsin by 20% by the year 2020. In addition he heard that there is some collaboration between the state and industry to fundraise for research and a new facility.

Mr. Longenette mentioned he heard Wisconsin was going to incentivize larger herds.

Mr. Tedrick added that Ohio State is trying to renew efforts relative to their dairy pilot plant.

Mr. Hollon asked about EPA regulations being equal across the country?

Director Daniels said that some state agencies are permitting smaller farms. New York for example, regulates farms starting at 250 head. Ohio is at 700 head before regulations kick in. Director Daniels expressed his opinion that permitting is getting more streamlined especially to where it was 10 years ago. Hopefully if we can get the NPDS permitting in Agriculture we can streamline even further.

Hauler Concerns

Mr. Tedrick began the discussion relative to the oil and gas industry's demand for truck drivers.

Mr. Longenette said this translates into less people available to haul milk and dairy products.

Mr. Tedrick mentioned that irrespective of the gas industry, haulers all over Ohio are having problems getting competent drivers and trouble making money.

Mr. Longenette pointed out that since our last meeting, there have been some drivers come back from the oil and gas jobs because of the benefits and long hours.

Mr. Geiser told of a route a couple of years ago, where the hauler simply walked away from a milk route. DFA bought a truck at that time and presently it is running in Carroll County. Hauling rates have not kept pace with costs. Who pays the additional costs?

Mr. Tedrick told the board that a couple of haulers expressed a fundamental change in hauler/producer relationships.

Mr. Hollon agreed with the previous statement but went on to point out a couple of other points. Number one, waiting time at the plants really upset the drivers and owners as they pay for the added work hours.

In addition, industry has put more and more responsibility on the milk hauler. Meeting times at plants, milk loss, fat loss, etc. The producer is after the hauler to be there at a certain time just as the milk plant.

Mr. Longenette agreed that the hauler waits at the plant if they are out of cases, a track breaks or a pasteurizer is down. DOT has additional rules that also effect haulers.

Mr. Hollon mentioned that there are also fewer plants.

Mr. Stockert said that it has also been difficult for producers the last 5 or so years. Feed costs have been much higher. So everyone is getting squeezed. Proper sampling is very important to the producer, in many cases it is the margin. There again it comes back to the hauler taking a good representative sample.

Mr. Longenette pointed out that the margins in the processing world are very tight due to competitive reasons and cost of inputs. Bottom line there are major issues in all segments of the dairy industry.

Mr. Stockert said that relationships matter as it relates to hauling but still he has to get a good representative sample because it is so important to his operation.

Recognition of Mr. Chad Hollon

Director Daniels wanted to take a minute to recognize Mr. Hollon for his years of service. Director pointed out that his farm is in Highland County and ever since he was a kid he remembers Hollon's trucks. Not many family businesses have been in business for decades. So,

when we get the opportunity to shine a light on someone who has done good work we ought to do that. Director asked Mr. Hollon how many years Hollon Trucking been going past his place?

Mr. Hollon answered 80 years.

Director Daniels expressed his appreciation for Mr. Hollon's contribution to agriculture and his community. In addition to his service on the Milk Sanitation Board. Director Daniels presented Mr. Hollon with a "Certificate of Appreciation" for 20 years of service to the Milk Sanitation Board.

NCIMS (Tissue Residue Milk Sampling)

Mr. Tedrick explained that the results of this milk sampling effort will be released at some point. It has taken quite some time, what is another couple of months? The NCIMS Board met to discuss with FDA 2 documents that they have prepared. One being a Q & A and the other outlining 3 different responses relative to the testing outcome. The later includes graphs depicting where the levels found compared to FDA tolerances and the different compounds found. In addition, there are an A, B, and C draft documents based on severity of the findings.

Again, FDA is not giving us any clue to what they found during the testing. When it is released we have been promised a short window of opportunity prior to get our message prepared. The NCIMS Executive Board asked why FDA had to release at all if nothing earth shattering existed in the testing data? FDA was adamant that it would be released for a number of different reasons.

Mr. Geiser expressed his concern that this report will have a negative impact regardless of the level of severity. Fluid milk consumption has fallen over the years and he sees this as just another reason for the consumer to restrict fluid milk buying. Mr. Geiser said there is some thought to just let the report die from lack of response when it is released.

Mr. Longenette asked if we should be proactive with our message. He pointed out that the Today show did a segment on soy milk and organic milk and his phone rang off the hook asking about it.

Mr. Tedrick said that he thinks National Milk and IDFA have messaging ready.

Mr. Longenette asked if the Board should weigh in on this?

Dave White of Farm Bureau, expressed that in an effort to be transparent and forthright it is in all of our best interest to respond and build trust. If you hide it, it is going to build distrust with the government. Secondly, if we hide it, there will be a perception that big, bad ag industry forced them to hide it and then the message will be out there “What the government does not want you to know about your milk” and what they tried to hide from you.

FSMA Update (Food Safety Modernization Act)

Mr. Tedrick explained that the Ohio is in favor of the PMO being exempt from FSMA. The NCIMS Board made comment to that fact and Ohio also had a response.

Ms. Dresbach said that Ohio’s response was one that pointed out the preventative controls that exist in the PMO and the effectiveness through the years that the PMO needs to be exempt.

Farm Section Update

Mr. Wise started with a report of the Dairy Division’s Quality Conference that was held October 15, 2013. The planning committee and staff were instrumental in pulling off a very good conference. As a matter of fact, we had the largest attendance we have ever had at 120 people. Topics included national farm program, NCIMS update, farm audits, and then we had a gentleman from Lincoln Electric that talked about welding stainless.

Mr. Wise pointed out that the past year we have had more activity than the previous 10 years relative to expansions, robots etc. Specifically, between expansion and new construction there are two farms that will have 3900 cows between the two of them.

Mr. Wise gave an update on farm numbers outlining that presently there are 2150 Grade A producers, 714 Manufacture Grade producers and 23 goat/sheep producers.

Plant, Hauler, WST Section Update

Mr. Mengel handed out information relative to Division activities with dairy processing. The handout put numbers to inspections, equipment testing and sampling. In addition licensed processors were categorized by what they process.

Mr. Mengel pointed out that we had a presence at the initial Cheese Guild meeting. Good meeting and turnout.

Mr. Mengel talked about a training class underwritten by the American Dairy Association. It focused on sanitary production in artisan cheese making. Very well attended, as over 80 attended from as far away as Texas.

Mr. Mengel also had the opportunity recently to address a couple producer groups relative to addressing SCC. Also Mr. Mengel presented a HACCP class to cheese and ice cream processors.

Mr. Ellis asked about the breakdown of cost relative to servicing processors and producers. He remembered past discussions where 80% of the cost of the division was thought to be on servicing the farm sector.

Mr. Tedrick expressed that he thought the percentage was a strict division of personnel into total salaries. There are other costs as outlined by Mr. Mengel that need added into the total equation of Division costs.

Public Comment Period

Mr. Tedrick afforded anyone in the room that would like to make a public statement or address the Board. No one expressed an interest in doing so.

Mr. Tedrick finally introduced ODA's staff attorney's David Gorman and David Miran. Mr. Miran is new to the Department and this is his first Milk Sanitation Board meeting. Mr. Miran replaces Howard Henry in our legal department.

Next Sanitation Board Meeting

Thursday, April 3, 2014 was set as the next Board meeting date.

It was moved by Mr. Volpp and seconded by Mr. Phillips to adjourn. Motion passed by voice vote. Meeting adjourned.

The Board then had a break and lunch and went into HR training (Mandatory Human Trafficking Training). Mr. Gorman pointed out to the Board that they have adjourned and could not discuss Board business at this time.