

Minutes of the Milk Sanitation Board

Thursday March 22, 2012

The meeting of the Milk Sanitation Board was called to order at 10:00 A.M. on March 22, 2012 at the Ohio Department of Agriculture chaired by Mr. Roger Tedrick, Chief of the Dairy Division. The following board members were present at roll call:

Mr. William (Chuck) Ellis

Mr. Jim Stockert

Mr. Roger Tedrick

Mr. Tim Shipley

Mr. Chad Hollon

Mr. Gene Phillips

Others in attendance: Ron Geiser, DFA, and Ken Fagan, Washington County dairy producer.

Also present with the Ohio Department of Agriculture; Director David T. Daniels, Asst. Director Howard Wise, Interim Chief of Legal, Michael Rodgers, Administrative Attorney Howard Henry, Food Safety Specialist, Lowell Lufkin, Dairy Farm Section Head Brian Wise, Dairy Plant Section Supervisor David Mengel, and Dairy Division Secretary Bonita Cordi. Prior to today's meeting both Mr. Rocky Volpp and Mr. Bill Riley communicated neither were available to attend. There are 6 members present out of 9, there is a quorum.

Director Daniels and Other O.D.A and Division's Information:

Chief Tedrick introduces our new Director, David Daniels. The Director thanks the board members for their service. Director explains his families owned and operated 500 acre grain and livestock farm in Highland county.

Time was set aside for members to introduce themselves and who they represent.

Approval of Minutes;

Mr. Shipley moved to accept the minutes from the December 8, 2011 meeting. Seconded by, Mr. Stockert. Passed by voice vote.

Food Safety Labeling

Mr. Tedrick introduces Lowell Lufkin with the Division of Food Safety to talk about his label review relative to the Dairy Division. Essentially the label must be in compliance with regards to the ingredient statement, statement of responsibility, Grade A nomenclature, net weight and a host of other items such as claims. Many labels make health claims that are not substantiated and Mr. Lufkin will ask for that wording to be removed.

Mr. Ellis asks about the labeling claim "Antibiotic-Free".

Mr. Lufkin replies, this claim is not often seen, however this claim should not be made. A claim should not be made where a situation does not exist. Mr. Lufkin referred to this as absence labeling.

Staff and Budget Update.

Mr. Tedrick confirms the Dairy Division's mission to properly maintain inspections in order to safely transfer milk across state lines. Charles Twining has retired as of February 29th; many staff attended a

retirement party hosted by Mrs. Vicki Twining. Charles's position has been filled by Plant Sanitarian, Robert McCarty who is currently in FDA training learning to perform State Survey Ratings, along with Jon Johns. Roberts' former Plant position was filled by Farm Sanitarian, Kris Welch, who has just completed FDA Pasteurization course. Kris's farm position has been filled by Food Safety Inspector, Sam Hart starting March 26. Both Sam and Robert will be traveling to Indianapolis and attending a FDA Farm Inspection Course in June. Each person is required to be certified in their new work roles. Robert will get additional training with Matt Pitts with the FDA. The Dairy Division is seeking to refill a vacant Farm Supervisory position maintaining supervisors for both Plant and Farm Sections with a goal of having 21 full-time positions. Reana Jackson has replaced Eileen Johnson's position, her work consist of regulatory letters, filing, very important work that must be maintained for future evaluations by the FDA State Survey Officers.

Our budget is fine however we will have tough times ahead. There were no raises during the past six years. The current contract restores "step" raises, basically allows a maximum of 5 to 6 small yearly raises that stop at the last step. The reinstated step raises, as well as current gasoline prices will adversely affect our budget. For 33 months, our invoicing, (revenue) has been approximately \$135,000 billed to our processing Industry. Typically our industry, (4R2) fund held \$250,000-\$300,000 cushion, it has decreased over the years and this account today holds approximately \$80,000-\$100,000. Future expenditures will be payroll, gasoline, vehicles, (two of which have exceeded 150,000 miles). As we approach the next meeting, the Dairy Division's budget will need to be analyzed.

Mr. Hollon asks what percentage of expenses does the industry pay?

Mr. Tedrick replies in law we can only spend up to 63% of the industry monies, we are at 58.7%.

Mr. Hollon asks do Grade-A and Manufacturing plants pay the same rate?

Mr. Tedrick answers there is a 50% reduction on the manufacturer side, on the incoming raw milk.

Mr. Ellis comments this was due to a once a year inspection of the manufacture farms, and the Grade-A farms are inspected twice a year versus the cost of enforcement time being spent on Manufacture farms.

Mr. Ellis adds what is the number of manufacture grade farms versus the amount of milk as a whole?

Mr. Wise answers there are 3100 Grade-A farms (total as of 3/1/12), and of those 788 are manufacture grade.

Mr. Tedrick asks how many of those are can shippers?

Mr. Wise replies 533 are can shippers.

Mr. Tedrick asks what are the total pounds or percentage of milk.

Mr. Wise replied that it would be less than 5%.

Mr. Ellis adds that 25% of the farms make maybe 5% of the milk. So the 50% of the 5% of milk does not amount to a whole lot! But you've got 788 farms that need to be inspected once a year.

Mr. Tedrick asks Mr. Wise is the quality generally less, and we send out more regulatory letters?

Mr. Wise confirms that yes, we do send out more enforcement and regulatory letters on the manufacturers than we do on the Grade-A. This will get worst with warmer weather, 2 to 3 times more.

Mr. Hollon asks if the Somatic Cell count goes down to 400,000, does this bring down the Manufacture standard.

Mr. Tedrick states that according to our rule, the manufacture standard is 250,000 above the Grade A standard, and right now the standard is 750,000.

Ron Geiser mentioned that this is a big topic relative to European Union and exports in general.

Mr. Geiser commented that until the rules are changed, we're going to use a weighted average on a monthly basis for our certifications for export. We've already been using this method for payment by taking the monthly average on the somatic cell count by the high counts SCC which was just approved by the USDA to go forward and do the same thing. The same somatic cell count that the producer gets paid on is what will be used to determine the Geometric mean for certification, three month Geometric Mean.

Mr. Ellis explains most Grade A producers get every sample tested; there may be 15 tests per month that becomes your monthly average.

Mr. Geiser said DFA tests every sample that comes through, and have for years.

Mr. Ellis adds we've discussed this with our producers and the majority wants to have an average for the month, so we're going to go with the average. Our Grade-A producers get results from the Market Administrator's office and we also have the State's official and these all average into the end of the month.

Mr. Ellis explained that you collect the last three months counts to find the Geometric Mean. The calculation is; January times February times March, take the cube root of that number and divide by three, and that is the Geometric Mean, (multiple the pounds). If using the Geometric mean, a producer could fall under the 400,000 limit, whereas if you average it, you may come out over 400,000.

Mr. Ellis reveals information about a de-regulation list.

Mr. Geiser comments there are stipulations to this program. We're debating whether a producer can be on this list one or multiple times, and when filing to be on the list, they must also file a plan of corrective actions for any problems.

Mr. Ellis adds, the information from Volker with the USDA was;

- 1) the producer submit the form for derogation.
- 2) they can stay on de-regulation list for up to 12 months.
- 3) there is a cost to get on and off this list,
- 4) USDA says there will be a two-hour Administrative fee that has to be assessed, around \$150.00 to get on and to get off,
- 5) Pearl Valley policy is going to charge our producers this fee and we also told our producers that if they go on this list they will get class minimum for their milk and will not be entitled to any bonuses or premiums.
- 6) And they will have to participate in a "continuous improvement plan" that we are putting together. This is a serious matter.

Mr. Ellis continues the European market is setting the standards for our milk.

Mr. Stockert asked what the average somatic cell count is on Manufacture Grade milk.

Mr. Ellis responds it may not apply to all, the only reason that this applies to Pearl Valley Cheese is that we sell our by-product, whey to Brewster; they dry it and export it. If I weren't in the by-product market, this would not apply to me.

Mr. Stockert asks what percentages of processors are in this (by-product) market?

Mr. Ellis replies I'm not sure. Does Guggisberg sell by-product as veal feed, does it go over?

Mr. Wise answers I have not heard much about it. To answer Mr. Stockert's question about the 788, the numbers are not as high as you'd think. Look at the 400,000 for the manufacture farms, there is a decent

number and the average is under 400,000. But there is a higher percentage that are always in violation that we do all of the enforcement work on.

Mr. Stockert comments that there could be an impact, if we lose 200-300 of these farms there will be an impact on how efficient this department is. Do we have any idea how many we will lose?

Mr. Wise replies this is hard to determine. We get numerous calls on somatic cell count issues, and most producers are upset, many think this is a PMO issue or a State of Ohio Rule. I explain, no it's not ODA making you go to 400,000, it is the market. We need to get this information out there; it is the market that is driving this.

Mr. Geiser adds that he does not have a class one processor that wants 400,000, some want it down to 250,000. There may be only two Ohio cheese plants that will accept higher than 400,000. I've had conversations with some of the states that voted against it back in 2011 conference and in the 2013 conference, they plan to vote for it, then this will be brought into the PMO.

Mr. Tedrick informs that we go to conference in April-May 2013, and this department is interested in lowering the somatic cell count. We need your input, is the Geometric mean the way to go? Do we require our producers to average the SCC or do we use the Geometric Mean?

Mr. Geiser comments that this may be determined by budgets. To go with the weighted average, regulatory agencies, including the USDA's market administrator's office may need different programming if we want to go the weighted average. Currently USDA's offices do not have anything to do with weight, so updated programming will be required.

Mr. Tedrick adds that technology can do this and after speaking to Casey McCue of NY, and he's pro Geometric Mean and neither of us think cost is an issue and this could be done.

Mr. Ellis asks Mr. Shipley and Mr. Stockert you can calculate your average, could you calculate your Geometric mean?

Mr. Stockert comments we rely on premium payments from our processor, to make a profit. We're down near 150's to stay with the quality premiums; we take daily samples for daily pick-ups. DFA was 197,000 last December and we're paying quality at 250,000, as a producer I'd like to get down to 150,000 daily.

Mr. Shipley adds he gets paid a bonus on good quality milk. Speaking with other dairymen, they won't be able to meet new standards and would rather sell out.

Mr. Stockert adds as the Shale money trickles though, in Pennsylvania the counties that over 150 wells have lost close to 20% of their milk.

Mr. Tedrick finalizes that as the conference gets closer, we'll need more of your input.

Dairy Economic Impact

Mr. Tedrick presents information about issues of the economic impact on the Dairy Division or Ag enterprises. With discussion with Dr. Cam Thraen, with O.S.U. and the enclosed Ohio Food Industries Input-Output Model from Dr. Thomas Sporleder, we think the economic impact of dairy is 6 to 8.5 billion per year.

Mr. Tedrick invites Mr. Ellis to share efforts on their Swiss cheese contest and outreach.

Mr. Ellis informed the Board that although not finalized yet, we're trying to draw attention to our cheese contest, as Ohio is the leading Swiss Cheese Producer in the U.S. Pearl Valley Cheese has three cheese contests through the year, one ending in September. You accumulate contest points to win the Grand Champion Cheese Producer. Several of us are making different kinds of cheeses, so we're working with the American Dairy Association and the State Fair to have three different classes, a "Swiss Cheese" class, an "Open Cheese" class and new a "Farmstead Cheese Maker's" class. The Ohio Swiss Cheese Association will run the contest, select judges, and score the cheeses, do it all. Contest mailing has gone out to Farmstead Cheese makers, to date there are three contestants. ADA and Pearl Valley want this contest to take place at the Ohio State Fair the entry book deadline is April 1. There will a winner for each class then an overall Grand Champion, similar to livestock judging.

AMDERC

Mr. Wise details his membership on the Atlantic Midwest Dairy Equipment Review Committee, one of three voluntary review committees in the U.S., with committees in the Pacific and Southwest areas. These non-compensated voluntary committee members consist of State, Regulatory and FDA members whose task is to examine equipment examples that have no other formal review process such as; new styles of values used in dairy processing plants, mixed proof valves, robotic milking equipment, etcetera. Our working goals are compliance of the European manufacturer's designs meeting U.S. proficiency standards, and maintain uniformity amongst the states encompassing Maryland to North & South Dakota and the central region for FDA, this is an absolute must. We review on the farm, plant site or the equipment is brought to us.

Four times a year we hold conference call meetings, (as many States experience budget travel restrictions), the FDA has supplied some travel monies in past years for these groups to meet, and every meeting I've attended they've paid for. The next planned meeting is late summer possibly Harrisburg, PA, to review a new robot coming into the U.S., plus any other equipment reviews.

Mr. Hollon asks how many robotic milkers does Ohio have and have the numbers increased?

Mr. Wise replies in 3-4 weeks, a four unit robotic milkers installation should be running in Ashtabula County. Others; a proposed two unit installation for Muskingum county, one in Plain City, two installations in Wayne County; one farm lost one robot to fire, saved the second one in another building, rebuilt and should be ready with-in a month. Ohio will get four more within the next month, and another farm by the end of the year.

Mr. Hollon asks have any of the farms that started with milkers quit.

Mr. Wise replies no, the only issue was the fire, which was not related to the milker it was a tractor. When they rebuilt the barn they made room for three robotic milkers, but one is set-up to run now. The units are similar to a milk plant, very reliable, computer controlled, the Lely units have a boiler right on the unit, every wash uses boiling water. No problems in quality, a slight spike in somatic cell in the beginning when the cows are becoming accustomed to being voluntarily milked. The bacteria counts have been very low, if there is a bacteria issue it's usually a bulk tank issue not a robot issue, added water has not been an issue. Safe guards are in place in addition to our inspection checks.

Mr. Hollon asks about not having the milk line and wash line hooked together.

Mr. Wise responds we're following the milk plants system, block, bleed, and block equals fail-safe position detectable valves, (block valve, a bleed valve in between, then another block valve), in other

words, each valve has a sensor that tells us its position. When the valves get out of position, the whole system will shut down, and this process has been successful so far.

More Farm news; Sam Hart will start on Monday, March 26 working with other Sanitarians, there won't have any lapses in inspections. Bob Pendlebury is back to work doing well, Sam should be trained and working on his own, when Mr. Pendlebury has another surgery in June. Everything else on the farm side is going good. As usual we see more enforcement actions when the weather warms up, when planting season gets underway, the milkhouse is the last place they want to be.

Open the floor for any public comment. Hearing none.

FDA Sampling Plan

The tissue residue milk sampling program began January 1 the across the country and has been modified since. The FDA is taking producer milk samples directly at certified laboratories blinding them on-site, then re-blinding samples at the Chicago FDA lab testing for various drug residue compounds. The FDA told us testing would begin around June or July at ELS. When testing commences, the FDA will contact ODA, who'll offer assistance at the ELS and confirm that the tests are truly blind.

Mr. Wise adds he's communicated to the FDA's regional specialist that ODA should be directly involved to make the process a lot easier.

Mr. Ellis asks what does it mean, to be "blinded".

Mr. Tedrick responds that when results are in, we won't be able to tell whom that sample belongs to.

Mr. Mengel adds that the FDA will also be transferring samples into different vials.

Mr. Wise adds they'll be testing for 900 tissue residue violators and 900 random tests across the country. Categorize samples for tissue residue violators in tube A, non-violators in tube B. Once at the second lab and the process starts over with samples randomly categorized, A or B.

Mr. Mengel responds that samples come from other states Pennsylvania, and not just Ohio.

Mr. Stockert asks if they have been to other states.

Mr. Wise replies that they have.

Mr. Wise adds if you're a tissue residue violator, if you're still milking, it is guaranteed your sample will be pulled. You know you're a violator, you were notified.

Mr. Ellis asks what is the purpose of this testing.

Mr. Tedrick comments that it may be a number of things

1. Is there a tie between milk and tissue residue,
2. To find out what compounds are out there and are being used.

Mr. Wise advises that it may be a risk assessment looking at the top 10 residues for the last five years, two of them are betalactims, we check for betalactams on every tanker load of milk and only 2 of the top 10 tissue residues are betalactim class; penicillin and ceftiofur. There are Tetracyclines, fluxions, sulfas, and genomyacins and other drugs that aren't being tested for on a routine basis. This lies in the risk assessment.

Mr. Mengel adds another important issue is that 67% of the drug tissue residues are found in Dairy cattle. Mr. Wise adds that 67% of the tissue residues are Dairy cattle, but dairy cattle accounts for 7 or 7.7% of the total beef, so the beef industry has it figured, the dairy industry not so much.

Mr. Ellis the end result is that industry would have to testing for a lot more drugs if they determine that there is a risk to the public health, some plants already do test for more.

Mr. Wise interjects that it's not required.

Mr. Ellis finishes that we could be looking at more requirements for more testing.

Mr. Wise adds that its' the start of the risk assessment to see "if additional testing is needed".

Mr. Mengel responds to Mr. Ellis we worry about what the news media would do with this information about how many drugs are in our milk.

Mr. Wise replies that Flunixin is number 2 on the tissue residue list.

Mr. Stockert tells that his veterinarian no longer will infuse Tetracycline in-uterine, now using dextrose.

Mr. Wise took a call from a veterinarian from Western Ohio asking if she could infuse with Tetracycline. The reply was they would just use other compounds, iodine's. Not sure that is safe or not, and that concerns us, this is why FDA is doing a risk assessment because producers and veterinarians are using these compounds that are not getting tested for, and the producers know this.

Mr. Stockert responds if you infuse two cows out of 100, then it's not a big deal, but if you infuse 20 of them, the drug residue could be an issue.

Quality Conference

Mr. Wise explains we hold an annual Quality Conference test for regulatory, industry, and support staff to discuss Key issues for Dairy. A planning meeting is scheduled for May the committee discusses issues and includes information from the previous years' conference to talk about, contacts speakers. The conference is held in October the day after Columbus Day, at ODA's auditorium, attendees include Market Administrators, Marketing Organizations, Dairy Installers, and veterinarians usually producers don't attend.

Plant Topics

Mr. Mengel begins with Dannon soon to have 11 pasteurizers that keeps one sanitarian busy.

Kris Welch has moved to the Plant Section of Dairy.

Several new small processors have started up, either on-farm or small plants where processors are combining milking efforts, one in Stark County bottling Grade-A Goat milk. Many of these are venturing out on a small scale, one producer has four cows and sells every drop.

Mr. Tedrick interjects on the shale aspect; I got a call from a lady who just received her shale money and said she'd always had a dream to milk goats and sell the milk, in Belmont County.

Mr. Mengel adds we have one sheep milk processor in the state and another one about to start up, milking 50 sheep producing sheep milk cheese to sell in Wooster.

The smaller processors do require more of our time and help in the beginning since most have little farm business knowledge.

A new issue occurring in the plants is the cost of water, and the treatment of waste water. The idea is to capture waste water, treat it and re-use it as potable water. A few are recycling cow water and make it category 1 water, it's doable, and costs more, but conserves incoming water a few are recycling the water.

Mr. Wise comments on the another water situation, he got a call from a person who visited a processing plant in British Columbia that recycles manure water, clean it and then drink it. Its potable and the ultimate goal is to release it back into the stream.

Mr. Mengel states Ohio's rules won't let us use manure water.

Mr. Tedrick asks Mr. Phillips if there are California municipalities that use recycled toilet water. Mr. Phillips replies there's a movement to do this. A company has approached us that wants to develop a system that produces a 100% recycling and re-use of water. Together O.D. Health and the E.P.A. are working on the drinking water act that does not consider recycled drinking water particularly coming from toilets.

Mr. Phillips comments that irrigation is not new, however using recycled water for drinking is another matter, and currently impossible due to many environmental factors would impact the waterways natural habitat.

Mr. Wise adds that the British Columbian farmer had not used the recycled water to wash equipment nor used for the cows drinking water, but clean enough to discharge back into a creek.

Mr. Phillips states a future co-operative goal with the FDA and EPA is we use this recycled water to wash equipment and drink. The company petitioned ODH and the E.P.A. because the area is in a conservancy district and the concern was the area more residential or commercial, and that's the distinction for households with ODH and the E.P.A.'s jurisdiction.

Survey Section

Mr. Tedrick comments that Dairy now has two Survey Officers on staff with 185 units to survey, half of which need to be done every 24-months, 30-35 need to be done every year. A tragic accident happened at a Single Service facility Genpack, the worker was killed when caught between the roll stop and the machine.

Mr. Tedrick announces the prison dairies were not passing surveys getting up to Grade A, it was so bad that we went to Director Daniels who contacted the prison farms, and after all the surveys were done, all farms scored in the 90's. Thanks to the director for his assistance in helping to remain compliant. Surveys' are very important to keep milk moving in Ohio.

Mr. Tedrick asks for other topics of discussion.

Mr. Hollon announces the reorganization and name change of the Ohio Milk Haulers, coordinated by Lewis Jones. One issue under possible revision is to mandate physical examinations for Commercial Drivers Licensed who hauls milk from farms. Hand-held phones are another issue of concern, darning tremendous fines for the drivers and the companies if caught driving and talking on the phone. Milk Haulers may be the most regulated industry in the country, enforced by ODOT, ODA, PUCO, everyone.

Milk Hauling Rule

Mr. Henry comment the rule has been approved to go forward to a public hearing next Tuesday here at O.D.A., then onto JCARR in April. This is the second load in 24 hour rule that this Board has discussed previously.

Next Sanitation Board Meeting at the Ohio State Fair will be Thursday, August 2, 2012, hopefully to be held at the FFA Building.

Mr. Tedrick suggest a motion to adjourn, Mr. Hollon makes the motion. Mr. Shipley seconds the motion to adjourn. Voice vote to adjourn carries.

_____Approved

_____Attested

_____Date

_____Date