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STATE OF NEVADA

DEPARTMENT OF AGRICULTURE

--oOo--

NOTICE OF PUBLIC MEETING
OF THE NEVADA DAIRY COMMISSION

TRANSCRIPT OF PROCEEDINGS

July 16, 2015

Fallon, Nevada

Reported by: Karen Bryson
Certified Court Reporter #120

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APPEARANCES

CHRISTOPHER COOK, Chairman
TROY CROWTHER, Commission Member
LYNN HETTRICK, Deputy Director/Department of Agriculture

ALSO PRESENT:

BRYAN STOCKTON, Deputy Attorney General
KATHY EASLY
LISA BURNETT
AL TRACE
JOEL MOSS
KIMBERLY WHITFIELD (via videoconference)
DAVE COON (via videoconference)
ISABEL MOTO (via videoconference)

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**Public Meeting - 7/16/2015
Nevada Dairy Commission**

1 FALLON, NEVADA, THURSDAY, JULY 16, 2015, 1:03 P.M.
2 ---o0o---

3 CHAIRMAN COOK: Okay. Well, we're past due to
4 start this July meeting of Nevada State Dairy
5 Commission.

6 Mr. Hettrick, would you begin the formalities,
7 please, and open the meeting?

8 MR. HETTRICK: Yes, sir, Mr. Chairman.

9 This is the time and place set for a regularly
10 scheduled meeting of the Nevada State Dairy Commission for
11 the month of July 2015. This meeting's been scheduled and
12 noticed in compliance with the pertinent statutes,
13 including the open meeting law.

14 A copy of the agenda has been handed to the
15 court reporter with the request that it be a part of the
16 official transcript with these proceedings.

17 My name is Lynn Hettrick, Deputy Director of
18 the Department of Agriculture. Present today are
19 Mr. Christopher Cook, chairman of the commission; Mr. Troy
20 G. Crowther, member of the commission. Absent today is
21 Mr. John Collier, the third member of the commission.

22 Those who present statements or evidence to the
23 commission during this meeting are requested to first be
24 acknowledged by the chairman and to identify themselves
25 for the record.

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1 CHAIRMAN COOK: Would you proceed with the
2 first agenda item, please.

3 MR. HETTRICK: First item on the agenda,
4 Mr. Chairman, is public comment and discussion.

5 CHAIRMAN COOK: Anybody have any comments they
6 care to put on the table at this point?

7 Get another chance later on, if not.

8 MR. HETTRICK: Looks like we're good.

9 CHAIRMAN COOK: Okay. Let's go on to the next
10 one.

11 MR. HETTRICK: Item number two for possible
12 action, a license amendment. It's a peddler processing
13 distributor license for Meadow Gold, North Las Vegas.
14 Gene Carrejo is the correspondent with us.

15 The applicant seeks a license amendment to add
16 the fluid label Dairy Pure to their current license in the
17 southern Nevada marketing area.

18 The applicant's prices and cost have been
19 reviewed by members of the Dairy Commission staff, and
20 they are in compliance with the agency's laws and
21 regulations.

22 The applicant will be responsible for the
23 assessments.

24 CHAIRMAN COOK: Anybody representing this
25 applicant present?

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1 Seeing none, this is pretty much the same issue
2 we addressed the last month with Model?

3 MR. HETTRICK: Yep, same thing, an amendment to
4 add the name Dairy Pure to the label.

5 CHAIRMAN COOK: Okay. Pretty straightforward.

6 MR. HETTRICK: Pretty straightforward.

7 CHAIRMAN COOK: Anybody have any questions or
8 comments they want to put on the table? Staff? Public?

9 COMMISSIONER CROWTHER: I have none.

10 CHAIRMAN COOK: None. Seeing none, I'll
11 entertain a motion.

12 COMMISSIONER CROWTHER: Mr. Chairman, I will
13 make a motion to approve the peddler distributor license
14 amendment application by Meadow Gold North Las Vegas to
15 add the fluid label Dairy Pure to their current license in
16 the southern Nevada marketing area.

17 CHAIRMAN COOK: There being a motion, and I
18 guess I'm the one that will second it.

19 MR. HETTRICK: You get to second it.

20 CHAIRMAN COOK: And there will be no dissenting
21 votes, the motion carries. Amendment is passed.

22 MR. HETTRICK: Next, Mr. Chairman, for possible
23 action, item number three on the agenda, approval of the
24 minutes from June 18. You should have a copy of the
25 minutes in your packets. There are minor changes to the

1 minutes, and we just need a motion to approve as amended
2 or corrected.

3 COMMISSIONER CROWTHER: I will make a motion to
4 approve the June 16th, 2015, minutes with the indicated
5 corrections.

6 CHAIRMAN COOK: I'll second that motion. And
7 having a motion and a second and no dissenting votes, the
8 motion carries. Minutes are adopted.

9 MR. HETTRICK: Number four on the agenda,
10 Mr. Chairman, is the staff report. You have copies of the
11 milk price sheets. There should be three of them there.
12 No significant changes. Unless you have questions about
13 that.

14 The only other thing, Mr. Chairman, that I have
15 today is to just simply mention to the commission members
16 that a question has arisen regarding the commission's
17 support for the dairy Starling control issue that we dealt
18 with last season, dairy season. Or, Starling season, I'm
19 sorry.

20 And someone in our office said that they
21 thought that the commission had decided to reduce the
22 amount of the -- of the commitment that they would make
23 for Starling control.

24 And it's not on our agenda as an action item,
25 and I don't need it to be an action item because it should

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1 be in our budget, but I just wanted to confirm or have you
2 folks confirm that we had done that in the past.

3 Is that okay, Bryan?

4 MR. STOCKTON: Well --

5 COMMISSIONER CROWTHER: We've not reduced it;
6 is that -- isn't that --

7 MR. HETTRICK: Yeah, we don't want to say we've
8 reduced it.

9 COMMISSIONER CROWTHER: Yeah. No, we have
10 not --

11 CHAIRMAN COOK: Maintain the level that we
12 initiated it at.

13 MR. HETTRICK: Yeah. There's been no action by
14 this board to reduce the Starling amount, correct?

15 CHAIRMAN COOK: Correct.

16 MR. HETTRICK: Okay.

17 COMMISSIONER CROWTHER: That's my
18 understanding.

19 MR. HETTRICK: That's -- that's a better way
20 for me to put it.

21 MR. STOCKTON: Yes.

22 MR. HETTRICK: Yeah. Thank you very much.

23 That was -- I just wanted to get it on the record that we
24 hadn't had any action to reduce it. And then I can report
25 that back to our staff and we can go from there.

1 Any -- I don't have anything else today -- oh,
2 I do have something else today. At the last minute we --
3 I got emailed to me the budget and reconciliation from
4 Mr. Hernandez as to this point at the end of last month.

5 The -- let's see if I can get it up for you
6 here quickly.

7 Essentially we're doing exactly the same thing
8 that we've done before. He did some minor corrections.
9 As you may recall from the last time, he determined that
10 he had an error in the Excel spreadsheet formulas. He
11 wanted to correct those. He's done that. It didn't have
12 any significant impact on the budget summary to date.

13 High points of the budget summary to date,
14 assessments on yogurt, fluid milk, and ice cream are up.
15 Assessments on cottage cheese is down. However, it's down
16 by \$1600 thus far during the year. It's not significant.

17 Of course, the butter assessments are gone
18 altogether because you folks voted to eliminate the tax.
19 That is limited -- eliminated from our budget, \$162,000.

20 Dairy permit fees are up slightly as you would
21 expect with the opening of the Vlot Dairy, and also with
22 the opening or expansion of a couple of the other dairies
23 in the area. Distributor fees also are up slightly -- no,
24 I'm sorry, wrong one. Dairy permit fees are up slightly.

25 End result, when we get all said and done with

1 it is the projected revenue balance forward at the end of
2 this fiscal year will be \$764,000, which is still
3 significantly greater than the state budget program
4 suggested it should be.

5 We still are -- we're now advertising literally
6 for our microbiologist which will come on, and we'll start
7 making those -- that salary commitment. And we also have
8 a commitment that's out in purchasing to buy a trailer for
9 Moolissa, the cow that we haul around. That's going to
10 have an impact on it.

11 Finally, you folks approved at the last meeting
12 a second trailer and cow, which will also have an impact.
13 We won't do that until January when we will move into the
14 new building in south Las Vegas, which will give us room
15 to park -- or, in Las Vegas, I'm sorry, which will give us
16 room to park the vehicle and a place to store Moolissa.

17 So that's where we stand right now. I don't
18 have anything else for the --

19 CHAIRMAN COOK: The --

20 MR. HETTRICK: For the staff report.

21 CHAIRMAN COOK: The biggest increases seem to
22 be attributable to what -- what is it -- fluid milk, ice
23 cream, and yogurt? Is there any explanation for why there
24 was -- I mean, that's good news. There's some spikes in
25 sales apparently, so --

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1 MR. HETTRICK: Yogurt has been going up
2 steadily for years --

3 CHAIRMAN COOK: Right.

4 MR. HETTRICK: -- and hasn't changed.

5 It also has one of the highest assessment
6 rates.

7 CHAIRMAN COOK: And that's historically been
8 our only growth category, hasn't it?

9 MR. HETTRICK: Yes, generally it has been the
10 only growth category.

11 Interesting, fluid milk is up \$13,000 on -- on
12 revenue of \$191,000. So we're up to \$204,000 net revenue
13 on -- to date on --

14 CHAIRMAN COOK: Population growth --

15 MR. HETTRICK: -- fluid milk.

16 CHAIRMAN COOK: -- or --

17 MR. HETTRICK: I would think population growth.
18 And, you know, hopefully some increased sales. Be nice
19 to -- I hope it was -- are you seeing that, Joel?

20 MR. MOSS: Yeah.

21 MR. HETTRICK: Okay. So -- and I -- I have you
22 identify yourself for the record.

23 MR. MOSS: Oh. Joel Moss with Model Dairy.

24 MR. HETTRICK: So that's a good sign. Good
25 thing we -- I mean, we're glad to see. And then, of

1 course, ice cream. Probably the time of year.

2 CHAIRMAN COOK: Summertime.

3 MR. HETTRICK: I would expect by the end of the
4 year it'll -- it'll go back to where we're right on -- on
5 schedule. I don't think it'll be a great deal more.

6 The dairy permit fees, and that type of thing,
7 we'll see ongoing because we still have growth coming over
8 the years, but how quickly that'll come, don't know, so.

9 COMMISSIONER CROWTHER: Is it safe to say
10 that -- I mean, obviously we have a much greater surplus
11 now, and we've attributed some of it to increased revenue.
12 But is it safe to say most of that surplus is from expense
13 savings?

14 MR. HETTRICK: Yes. Most of the continuing --
15 or, the maintenance, I should say, of the surplus is from
16 the reduction of expense.

17 As you know, you folks voted multiple times to
18 a cash -- or, a tax rebate, which we did, I think
19 \$750,000. And then we -- we've cut out the butter tax,
20 the assessment. You folks voted to do that as well.

21 But with the reduction in our expenses given
22 that we no longer have rent, we no longer have our own
23 separate attorney, we use the attorney general's office
24 because we're now through the Department of Agriculture,
25 we've had a reduction in staff because Damon and the --

1 Kimberly and her staff down in Las Vegas primarily have so
2 improved the function in regard to our audits that we've
3 reduced staff in that regard as well.

4 We are -- we're ahead of the curve on all the
5 items. Last I heard we were a hundred percent completed.
6 And with the fiscal year ending, our fiscal year ending,
7 and reporting the way it is now, we're actually in the
8 doldrums a little bit with our dairy staff because we're
9 not getting a lot of reporting at the moment.

10 So it's unfortunate. State law won't let us
11 move people across budget accounts and utilize their
12 skills better than we can. We can do a little, but very
13 little. But it's a nice problem to have. And we'll
14 ultimately, I believe, have to reduce the assessments.
15 But until we get everything in line there are new things
16 coming all the time that we're looking at.

17 And when we get our microbiologist on, we're
18 going to look at -- we need some additional IT equipment
19 to do the federal reporting and record-keeping. And so
20 it's -- we've been slow, but we can explain what we're --
21 why we're re -- maintaining this overly large reserve.

22 CHAIRMAN COOK: Do you think assessment
23 reductions would be preferable in lieu of tax holidays?

24 MR. HETTRICK: I think the feeling has been
25 that we did tax holidays in hopes of controlling it, and

1 it didn't do it. And we should probably do assessment
2 reduction. It's -- it's -- you know, I think the feeling
3 is we shouldn't collect it first and then give it back.
4 We should reduce the assessment.

5 CHAIRMAN COOK: That's a good approach, I
6 think.

7 COMMISSIONER CROWTHER: That would make it
8 easier for the licensees to budget, I think, if we did it
9 that way.

10 MR. HETTRICK: And I agree with that. And I
11 don't know that it's going to be huge because we're
12 probably going to take it in steps so we don't get
13 ourselves in a position where all of a sudden it takes off
14 and we come back and say, oops, we went too far, now we
15 have to raise assessments. That's the last thing we want.

16 COMMISSIONER CROWTHER: Are there any
17 additional services that can be provided to the industry
18 through the dairy commission that perhaps the -- you know,
19 like the Starling program that we have? Are there any
20 other programs that we may be able to help them with?

21 MR. HETTRICK: I don't know. Between Al and
22 Joel and Dave down there, perhaps they have some ideas.
23 I'm not aware of any.

24 MR. TRACE: I -- I -- Al Trace, Dairy Farms of
25 America.

1 I would say, Troy, I've talked to Lisa and Anna
2 about it. When the lab gets up and running there could be
3 a possibility to do some producer testing, some cow side
4 samples, I would say, things of that nature.

5 COMMISSIONER CROWTHER: Okay.

6 MR. TRACE: Yeah.

7 COMMISSIONER CROWTHER: Well, that's --

8 MR. TRACE: I mean, I don't have a laundry
9 list, but that's -- that's a start, I guess. That's
10 something that comes to mind. Yeah.

11 COMMISSIONER CROWTHER: Good.

12 MR. HETTRICK: We certainly entertain any of
13 that. As you know, the statute reads that we can do
14 things to promote the viability of the dairy industry.
15 And if that helps the dairy industry, then we can do that.

16 We have always shied away from getting into
17 promoting fluid milk sales because that's done by the
18 Nevada/Utah Dairy Council, and there's a check-off, the
19 guys pay for that, the dairymen pay for that now.

20 We have always felt that it was inappropriate
21 for us to step into that arena. And they definitely
22 are -- are protective of that arena. So rather than get
23 there and cause waves, we've just not done it.

24 COMMISSIONER CROWTHER: Okay. Well, I -- I
25 mean, I'm specifically talking about programs like this --

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1 MR. HETTRICK: Yeah, no, I agree.

2 COMMISSIONER CROWTHER: -- where they're having
3 to get it done elsewhere now.

4 MR. TRACE: Correct.

5 COMMISSIONER CROWTHER: If we can provide that
6 kind of service, then it's a good --

7 MR. TRACE: I think it would be a good thing
8 because we are anticipating, to Lynn's point, more growth
9 in the area, so something favorable that would help the
10 local dairy farmers.

11 CHAIRMAN COOK: Dave, do you have any thoughts
12 on that?

13 MR. COON: I do -- oh, Dave Coon. Dave Coon,
14 Anderson Dairy.

15 We would appreciate the ongoing testing, the
16 inspections, within the Dairy Commission as it pertains to
17 us and the industry, especially in light of what's taken
18 place in -- within the industry these past months. So,
19 you know, just a vigilance and continued inspections are
20 always appreciated.

21 CHAIRMAN COOK: Well, if you have any ideas,
22 don't hesitate to offer them.

23 MR. COON: Well, several -- several sessions
24 ago we were one of the members of the industry that
25 petitioned pretty energetically and asked that inspections

1 be increased.

2 And one of the legislators seemed to be puzzled
3 by that, but our reply to that is we have inspectors in
4 our plants. They keep us, you know, in tune with proper
5 procedures, and so forth, training, education. And it's
6 obviously very beneficial to all of us.

7 CHAIRMAN COOK: Okay.

8 COMMISSIONER CROWTHER: Thank you.

9 CHAIRMAN COOK: Thank you.

10 MR. HETTRICK: All right. Unless you have
11 anything else, Mr. Chairman, that's all I have as the
12 staff report.

13 CHAIRMAN COOK: Okay. Then let's move on to
14 the next one, please.

15 MR. HETTRICK: Number five is consideration of
16 any other matters relating to the dairy industry.

17 Dave's got his hand up.

18 CHAIRMAN COOK: Go, ahead Dave.

19 MR. COON: I would like to thank the Dairy
20 Commission for their help and assistance in securing
21 Moolissa for our upcoming conference here with the Clark
22 County School District.

23 They're excited about it, and I think they'll
24 be somewhat informed -- further informed and educated on
25 where milk comes from.

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1 But, you know, we -- I want to thank Lynn for
2 his help and Kathy for her assistance. And we just want
3 you to know, we'll make certain that we return her in good
4 shape.

5 CHAIRMAN COOK: Keep her well-fed.

6 MR. COON: You bet. Thank you.

7 CHAIRMAN COOK: Okay. Anybody have anything
8 else?

9 MR. HETTRICK: Al, do you have any updates
10 on --

11 MR. TRACE: Sure, I can --

12 CHAIRMAN COOK: -- Vlot's operation?

13 How that's --

14 MR. TRACE: I do.

15 CHAIRMAN COOK: -- going?

16 MR. TRACE: Al Trace, Dairy Farms of America.

17 Yeah, I'm happy to report. Smith Valley Dairy,
18 as we refer to it down there, is what Vlot has called it,
19 is up and running well. They're up to 2800 cows right now
20 they're milking, with anticipated growth of 3500 cows by
21 at least the end of fourth quarter.

22 Still some -- it's still a somewhat active
23 construction site, some stuff going on, the scales, scale
24 house. He is going to have -- his family's going to have
25 a community barbecue on August 15th from 10:00 to 1:00.

1 You're all invited. I'm not quite certain at
2 this point how the invitations are going to be sent out,
3 but I feel very confident I could be his voice-piece with
4 this body and say you are all invited, August 15 from
5 10:00 to 1:00, for a community barbecue.

6 At that point he'll probably close things down
7 to the community. There's just too many people shuffling
8 in and out of there, taking pictures, and everything
9 for -- an effort for bio security I think he wants to
10 close it down after that. So that's Smith Valley Dairy.

11 Also, Lisa would know, we -- happy to report
12 that we have the Pellandini Dairy here in the edge of
13 town, the dairy that sat empty for probably five, six,
14 seven years. Lisa might know better than I.

15 But it's been grade A permitted. And they're
16 moving cows as we speak. Tomorrow's supposed to be their
17 first pick-up so they'll be milking a thousand cows pretty
18 much out of the gate here. And with anticipated growth of
19 1600 cows by the end of this year, fourth quarter, also.
20 So that's good news for us.

21 The other local dairy in town, Perazzo
22 Brothers, who was the first local dairy to build a new
23 Greenville dairy, they were milking 400 cows. They're up
24 to 1100 cows now on their way to 1600 cows and a brand new
25 facility. So that's -- that's really good news.

1 In an effort to bring more exposure, maybe with
2 the word I want to use, to the Nevada dairy industry, I
3 found out -- I was in California this past week doing
4 member meetings, we are going to have what we call a
5 tri-council field staff quality meeting here in Nevada?

6 DFA has seven councils, seven regions across
7 the country. We'll have 25 to 30 field people. We'll be
8 staying in Reno. And we're going to be visiting Fallon,
9 actually to the Perazzo Dairy, where we'll be having an
10 all-day, hands-on training module.

11 We have environmental programs, cow comfort and
12 cow handling, animal care, yeah. And these people will be
13 coming in from Texas, New Mexico, California, Idaho,
14 Colorado, and Utah. So I -- I think it's a great
15 opportunity for -- to showcase Nevada dairy.

16 I will tell you, the plant's doing well. We're
17 up and running. We're -- I think right now we're only
18 bringing one load of milk in from California. We're
19 running at about 1.2 million pounds a day. The plant can
20 run two million.

21 Quite honestly, we're in no real big hurry.
22 The rural price has crashed. So we're kind of in a sweet
23 spot where we are right now, waiting for the market to
24 catch up a little bit before we put more milk in there.

25 In the meantime, we'll send more milk to Joel.

1 But we don't want to take our foot off the gas pedal
2 because we do need some more growth in the area. But it's
3 all good. All good, so.

4 Any questions?

5 COMMISSIONER CROWTHER: This additional
6 capacity that's coming on line, will that all be going to
7 the powdered plant?

8 MR. TRACE: Correct.

9 COMMISSIONER CROWTHER: Okay.

10 MR. TRACE: Powder plant and Joel and Model
11 Dairy in Reno. We supplied that for years, four or five
12 loads a day, and we will continue to supply that for -- as
13 long as they have us, so.

14 Yeah, we anticipate, Troy, no milk that ends up
15 relocating to Nevada never to have to go out of Nevada.
16 It will either be used at our plant here in Fallon or else
17 Model Dairy in Reno.

18 COMMISSIONER CROWTHER: Right.

19 CHAIRMAN COOK: So, Joel, have you seen upward
20 trends in fluid milk?

21 MR. MOSS: Joel with Model Dairy.

22 Yeah, we have. And then we're just
23 anticipating with Tesla coming on and all the new building
24 around, that that's what we're gearing up for, doing that,
25 and then just doing a lot of -- more white milk.

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1 CHAIRMAN COOK: How's the -- how's the new
2 label working out? Is that --

3 MR. MOSS: It's going well. We like it. I
4 think it's a plus for us as the dairy just to go national,
5 advertising, with it. But I think -- it's growing. I
6 don't know if it's -- that's -- might be part of the
7 growth of it, seeing the growing.

8 But, like I said, our brand of white milk is
9 increasing. We're doing more of that than we are private
10 label right now. Branded milk's increasing. And then
11 it's just staying stable with our private label that we
12 are producing.

13 CHAIRMAN COOK: Thank you.

14 Okay. Anything else? Press on to the next
15 one.

16 MR. HETTRICK: Yeah, that's it. Public comment
17 is all that's left. If there's any more public comment,
18 Mr. Chairman.

19 CHAIRMAN COOK: Okay. Anybody have any
20 comments that they didn't make at the beginning of the
21 meeting? They can make them now.

22 Seeing none, let us adjourn this meeting.
23 (Exhibit 1 marked.)

24 (1:26 p.m. proceedings concluded.)

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BOARD SIGNATURE PAGE

CHRISTOPHER COOK, CHAIRMAN

TROY CROWTHER, COMMISSION MEMBER

1 STATE OF NEVADA,)
2) ss.
3 COUNTY OF WASHOE.)
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7 I, Karen Bryson, a Certified Court Reporter
8 and notary public in and for the County of Washoe, State
9 of Nevada, do hereby certify:

10 That on July 16, 2015, I reported the
11 proceedings in the matter entitled herein;

12 That the foregoing transcript is a true and
13 correct transcript of the stenographic notes of testimony
14 taken by me in the above-captioned matter to the best of
15 my knowledge, skill, and ability.

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19 Karen Bryson, CCR #120
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