

**Public Meeting - 6/16/2016
Nevada Dairy Commission**

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PUBLIC MEETING OF THE
NEVADA DAIRY COMMISSION

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TRANSCRIPT OF PROCEEDINGS
THURSDAY, JUNE 16, 2016
Sparks, Nevada

REPORTED BY: Janet Menges, CCR #206

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APPEARANCES:

COMMISSIONERS:

Christopher Cook - Chairman

John Collier

Troy G. Crowther (Via Videoconference)

ALSO PRESENT:

Dennis Belcourt, Deputy Attorney General

Kathy Easley

Kimberly Whitfield (Via Videoconference)

Dennis Dyczewski

Lynn Hettrick

**Public Meeting - 6/16/2016
Nevada Dairy Commission**

1 SPARKS, NEVADA, THURSDAY, JUNE 16, 2016, 1:00 P.M.

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4 PURSUANT TO NOTICE, and on Thursday, the 16th
5 day of June 2016, at the hour of 1:00 p.m. of said day,
6 at the offices of State of Nevada Department of
7 Agriculture, Sparks, Nevada, before Janet Menges, a
8 Certified Court Reporter, the following proceedings were
9 had:

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11 CHAIRMAN COOK: Let's convene the June meeting
12 of the Nevada State Dairy Commission.

13 Mr. Hettrick, would you do the formalities,
14 please.

15 MR. HETTRICK: Yes, sir, Mr. Chairman, this is
16 the time and place set for a regularly scheduled meeting
17 of the Nevada State Dairy Commission for the month of
18 June 2016.

19 This meeting has been scheduled and noticed in
20 compliance with pertinent statutes, including the
21 Opening Meeting Law. A copy of the agenda has been
22 handed to the court reporter with a request that it be a
23 part of the official transcript of these proceedings.

24 My name is Lynn Hettrick, Deputy Director for
25 the Department of Agriculture. Present today are

1 Mr. Christopher Cook, chairman; Mr. Troy Crowther,
2 member of the Commission; Mr. John Collier, member of
3 the Commission.

4 Those who present statements or evidence to the
5 Commission during this meeting are requested to first be
6 acknowledged by the Chairman and to identify themselves
7 for the record.

8 CHAIRMAN COOK: Thank you.

9 Would you proceed to the first agenda item?

10 MR. HETTRICK: The first item on the agenda,
11 Mr. Chairman, is public comment and/or discussion.

12 CHAIRMAN COOK: I see we have no one from the
13 public here. I suppose we can move on to the next item.

14 MR. HETTRICK: The next item on the agenda is
15 for possible action, approval of the minutes from the
16 May 19th meeting. There are four minor changes to be
17 made, so an appropriate motion, Mr. Chairman, would be
18 to adopt the minutes as amended or to be amended.

19 CHAIRMAN COOK: Okay.

20 I will entertain that motion.

21 MR. COLLIER: Mr. Chairman, I move that we
22 adopt the minutes of the May 19, 2016 meeting with the
23 four noted corrections to the minutes as stated and
24 submitted.

25 MR. CROWTHER: Second.

1 CHAIRMAN COOK: Having a motion and a second
2 and no dissenting votes the motion carries. The minutes
3 are adopted from the May meeting.

4 MR. HETTRICK: Next on the agenda,
5 Mr. Chairman, for action, possible action is approval of
6 NAC 584 proposed changes.

7 As you recall, the proposed changes to the NAC,
8 the Nevada Administrative Code, the proposed changes
9 were processed through a workshop and then a hearing.
10 They were amended pursuant to comments that were
11 received to have satisfaction and acceptance by all
12 those who were affected and indeed those changes were
13 made. We did hold the last hearing. There was no
14 objection whatever to the proposed NAC 584 changes so we
15 would request that you would adopt the proposed NAC as
16 presented.

17 CHAIRMAN COOK: Okay.

18 I will entertain a motion to that effect from
19 one of the other Commissioners.

20 MR. CROWTHER: Okay, Mr. Chairman, I will make
21 a motion to approve the NAC 584 proposed changes.

22 MR. COLLIER: And I will second that,
23 Mr. Chairman.

24 CHAIRMAN COOK: Okay.

25 With a motion and a second with no dissenting

1 votes the motion carries and the proposed changes to NAC
2 584 are adopted.

3 MR. HETTRICK: All right, thank you,
4 Mr. Chairman.

5 Next on the agenda is the staff report.

6 I really don't have anything to say. As I said
7 to you before we went on the record, it has been a busy
8 time and I don't have much of a staff report other than
9 we do have the budget. You should have a copy of the
10 budget document in front of you, no significant changes.

11 We continue to project a significant balance
12 carry forward and other than that there are -- the price
13 sheets are in there, if you wish to look at those.
14 Prices remain relatively low and I'm sure our dairymen
15 are operating on cash flow and not profit right now.

16 CHAIRMAN COOK: Are we seeing any impact of the
17 cessation of fluid milk assessments showing up yet?

18 MR. HETTRICK: Kimberly, are we seeing enough
19 difference? It's probably best if I have you address
20 that.

21 CHAIRMAN COOK: The fluid milk assessments, is
22 the cessation of those assessments showing up in the
23 revenue stream yet?

24 MS. EASLY: Can you hear us?

25 MR. HETTRICK: Go ahead, is that what you asked

1 if we can hear you?

2 MR. CROWTHER: Repeat the question.

3 CHAIRMAN COOK: Is the impact of the cessation
4 of the fluid milk assessments materializing yet in the
5 numbers on the budget?

6 MS. WHITFIELD: There haven't been any more.
7 The reserves have remained the same. They haven't
8 decreased any. Is that what you're asking?

9 MR. HETTRICK: Okay.

10 If you can hear us, can you hear us all right,
11 Kimberly? We're having trouble hearing you.

12 If we look at the third line down on the fluid
13 milk/cream assessments, it says revenue year to date
14 120,000, projected over there on the work program was
15 200,000. So if you look over at the over/under column
16 it shows we're \$80,000 under. I believe that's the
17 beginning of seeing the assessment for fluid milk
18 dropping off.

19 CHAIRMAN COOK: And we have only done that now
20 for --

21 MR. HETTRICK: It was effective January 1.

22 CHAIRMAN COOK: So we're six months in and
23 we're about 80 grand off?

24 MR. HETTRICK: Yes, and the projected was
25 200,000. So I would say we're -- and this reporting as

1 of June is probably back to May, so it's probably five
2 months, pretty close to running right on schedule, I
3 would say.

4 CHAIRMAN COOK: Is this going to be enough to
5 take the pressure off that reserve to make sure that the
6 legislature doesn't get --

7 MR. HETTRICK: The reserves clearly are way too
8 high. They typically tell us we can have three months
9 of reserves for operation and based on our actual
10 operation costs those numbers ought to be down around
11 300,000. We'll still be at 600,000 after a year of
12 this, assuming if we have no other replacement and we're
13 going to have some because yogurt sales continue to
14 increase, and I think they will, but the answer to your
15 question, Mr. Chairman, is yes, it will simply because
16 we're demonstrating that we're trying to lower the
17 revenue or the reserve balance.

18 So as long as we're demonstrating an effort to
19 lower it I don't believe we are going to have an issue.
20 If we were just sitting here increasing fees I believe
21 we would, but since you have already voted to do that I
22 believe we will be demonstrating an effort.

23 CHAIRMAN COOK: But for the time being the
24 whole notion of a tax holiday is off the table?

25 MR. HETTRICK: Yes, the governor's office, as

1 we discussed previously, didn't like the idea of
2 collecting a tax and turning around and giving it back.
3 They thought that was inappropriate.

4 They wanted us to cut taxes rather than rebate
5 taxes. So that's part of the reason why we're going as
6 slow as we are. A rebate is a one-time occurrence and
7 leaves you with a revenue stream and when you cut them,
8 as you obviously know, you have eliminated the revenue
9 stream. So we have gone slowly on eliminating revenue
10 streams and we were a lot quicker to do rebates, however
11 they don't like rebates.

12 CHAIRMAN COOK: Okay.

13 All right, thank you.

14 MR. HETTRICK: Then we need to introduce
15 Dennis, and I will try to -- I can't do it.

16 MR. DYCZEWSKI: Dyczewski.

17 MR. HETTRICK: Dennis is our newest auditor
18 for the Dairy Commission, just about two weeks.

19 MR. DYCZEWSKI: Yes.

20 MR. HETTRICK: So we're pleased to have him.
21 We wanted him to come to the meeting so you folks would
22 have an opportunity to meet him and he could see what we
23 do and how we do it and have a feel for what we do.

24 We discussed today, kind of in the vein of
25 auditors, that we are putting into the budget, again

1 because it came out of the budget some time ago, travel
2 money to go audit some of our major taxpayers for the
3 Dairy Commission, including people like Wal-Mart who
4 haven't been audited directly, other than a desk audit,
5 for I think at least four years, maybe more. They pay
6 us a very significant amount of money every month,
7 probably 20 percent of our total revenue, maybe more,
8 but they have a policy they don't let their books out of
9 their offices in Arkansas. So to do an actual physical
10 audit somebody has to go to Arkansas. So we have it in
11 the budget that it's time to do that again and we need
12 to go back and physically audit the books. They have no
13 problem with us auditing, they just won't let their
14 books out of their own facilities.

15 CHAIRMAN COOK: You can't blame them.

16 MR. HETTRICK: No, I don't blame them for that
17 either. We are starting to do some of that. We have
18 been doing a lot of desk audits and I think it's been
19 very efficient quite frankly, and I think our licensees
20 like it because they don't have somebody come in and
21 force them to drag books out and go through all kinds of
22 things. We just kind of confirm with them that they are
23 doing things right and the forms look good and that type
24 of thing. It's been very efficient and a good thing.

25 Other than that I can't think of anything that

1 I have for the staff report.

2 CHAIRMAN COOK: Okay.

3 Looks like the milk prices may have bottomed
4 and are turning around a bit.

5 MR. HETTRICK: I would hope they are, but I
6 don't know how confident some of the other folks would
7 be that that is occurring.

8 CHAIRMAN COOK: I asked Al Trace when he was
9 here last month if there's any plans to begin any herd
10 reduction efforts and he wasn't aware of any.

11 MR. HETTRICK: No, and I don't think you will
12 see any herd reductions here. They are still begging
13 for more milk at the powder plants. He said there were
14 reductions in California, but they are not asking for
15 any more milk. They have too much.

16 Of course, the other thing that was a part of
17 what he said was when price gets low and they don't make
18 any money they produce even more milk to cash flow to
19 pay the bills, because you just have to cash flow
20 through it and spend your reserves and whatever else you
21 have until you can get back to where you're making money
22 and bank it again. So that's where we are at right now.
23 I don't think you will see herd reductions in Nevada.

24 CHAIRMAN COOK: Okay.

25 MR. HETTRICK: That's a good thing for our

1 dairies ultimately. We need to see the price go back
2 up.

3 CHAIRMAN COOK: Use some of those surplus
4 California cows over here.

5 MR. HETTRICK: It would be nice if somebody
6 moved over here, but I'm afraid those people who are
7 cutting cow sizes over there probably don't have a place
8 to go with the dairy or equipment. Nobody is going to
9 buy a dairy over there if they are actually cutting the
10 size of dairies and milk production. Unfortunately it
11 makes their dairies worth very little.

12 CHAIRMAN COOK: Okay.

13 If that's it for your report let's move on to
14 the next item.

15 MR. HETTRICK: Number 5 is consideration of any
16 other matters relating to the dairy industry.

17 CHAIRMAN COOK: Does anybody have anything to
18 throw out on the table for discussion?

19 In the budgeting process we are going to
20 include the starling control?

21 MR. HETTRICK: In the budget, we went through
22 that today, as a matter of fact. We had our quarterly
23 meeting for food and nutrition, which is what the dairy
24 budget falls under, and yes, we have starling control in
25 the budget and we also have a request for the new

1 trailer, the new Moolissa, and I believe a staff person
2 to actually man that or woman that trailer in Las Vegas
3 to actually get it around, because there are so many
4 more schools and so many opportunities to put that
5 trailer out there and do some good.

6 Also we were discussing today that we have a
7 bid on wrapping the existing trailer and we will have
8 that all covered with Department of Agriculture and
9 various pictures of agricultural type scenes and that
10 type of thing. So that I anticipate happening
11 reasonably soon as well, and we will look to do the same
12 thing with the one in the south.

13 CHAIRMAN COOK: So at the moment we have got
14 the trailer and the cow up north, but when they need it
15 down south we take it down there?

16 MR. HETTRICK: We take it down there, if they
17 need it, yes. We have been hauling it down and that is
18 as scheduling and personnel permit, because we don't
19 have a dedicated warm body to the cow and the trailer up
20 here. So it's as time permits, but yes, we have been
21 trying to cover where we can. I think we had it down
22 for a month for Anderson Dairy for several functions
23 that they worked on last year.

24 CHAIRMAN COOK: Okay.

25 So the new cow is pending approval of the

1 budget by the legislature?

2 MR. HETTRICK: As long as it goes through the
3 legislature and I'm sure we're going to take flack again
4 like we did before, but we will go in and they will
5 chastise us about cows in coloring books like they did
6 once before and we will live with it and I think
7 ultimately they will approve it.

8 CHAIRMAN COOK: Say it's to benefit southern
9 Nevada, get the Clark County contingent convinced that
10 --

11 MR. HETTRICK: That they need to do something
12 for themselves, I agree.

13 CHAIRMAN COOK: If there is no other
14 consideration of matters relating to the dairy industry
15 let's go to the final.

16 MR. HETTRICK: The final item is number 6 on
17 your agenda and that's another opportunity for public
18 comment and discussion.

19 CHAIRMAN COOK: And lacking any public
20 presence, anybody want to throw anything out because
21 we're all members of the public?

22 MR. COLLIER: I have nothing.

23 MR. CROWTHER: I guess not.

24 CHAIRMAN COOK: We are adjourned then.

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1 STATE OF NEVADA)
) SS.
2 COUNTY OF WASHOE)

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5 I, JANET MENGES, a Certified Court Reporter in
6 and for the County of Washoe, State of Nevada, do hereby
7 certify:

8

9 That I was personally present for the purpose
10 of acting as Certified Court Reporter at the Nevada
11 Dairy Commission Meeting

12

13 That said transcript which appears hereinbefore
14 was taken in verbatim stenotype notes by me and
15 thereafter transcribed into typewriting as herein
16 appears to the best of my knowledge, skill and ability
17 and is a true record thereof.

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21 JANET MENGES, CCR #206, RPR, CP

22 California CCR # 5785

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COMMISSIONER CHRISTOPHER COOK

COMMISSIONER JOHN COLLIER

COMMISSIONER TROY G. CROWTHER