

Ag Advisory Board Meeting

~~October 9, 2018~~ Jan 19, 2020
Minutes

DH
correction

Attendees:

Bronson Smart, NRCS

Kerry Gibson, Commissioner
Ron Gibson, Farm Bureau
Mark Gibbons, Farmers Union (via phone)
Cliff Lillywhite, Egg Industry
Rusty Bastian, Food Supplement Industry
Mike Osguthorpe, Utah Wool Growers
Allen Henrie, UACD
Dr. Kerry Rood, DVM
Luke Peterson, Urban and Small Farms
Dr. Ken White, USU (via phone)
Marilyn Albertson, USU
Michael Stephenson, Utah Beekeepers
Association
Jim Withers, Dairy Producers
Robert McMullin, Fruit Growers
Tracy Hatch
Allison Fiscus

Wade Sperry, LDS Church

Kent Thurgood, Utah Horse Council
Randy Parker, USDA
John Hilton, NASS
Jared Zierenberg, USDA WS
Brent Tanner, Cattlemen's Association
Kelly Pehrson, Deputy Commissioner
Kathleen Mathews, UDAF
Cody James, UDAF
Melissa Ure, UDAF
RJ Spencer, UDAF
Mike Kohler, Dairy Producers
Nicole Hanna, Attorney General's Office
(via phone)
Amy Wengren, UDAF
Amanda Petersen, UDAF
Travis Waller, UDAF
Rob Hougaard, UDAF
Colleen Dick, Onchenda Food
Symbria Patterson, Red Acre Farms
Jeremy Beckham, Public

Excused: Kristan Earl

Via Phone: Dr. Ken White

Commissioner Gibson welcomed everyone and introduced new members to the Ag Advisory Board.

Kristan Earl, Gossner Foods – Manufactured Foods
Mike Osguthorpe – Utah Wool Growers Association
Tracy Hatch – Cattlemen’s Association
Dr. Kerry Rood, Utah State University - DVM

Approval of Minutes

A motion to approve the October, 2019 minutes was made by Cliff Lillywhite; motion was seconded by Marilyn Albertson. Motion to approve the minutes was unanimous

Legislative Session

Tighten up legislation on grocer’s use of term “locally grown” – this was brought up in October by Luke Peterson and concerns regarding what it means to be a locally grown product.

Cliff Lillywhite commented that he researched the terminology locally grown and in the 2008 Farm Bill they described what it means. Anything grown within 400 miles from the processing facility can be defined as locally grown on the national level.

Marilyn Albertson asked if locally grown rules are being enforced.

Commissioner Gibson introduced Linda Gillmor, who worked previously for the Governor’s Office of Rural Economic Development. Linda is the current Director of the Marketing Department at UDAF.

Action Item: Linda Gillmor to meet with Cliff Lillywhite and Luke Peterson to discuss Utah’s Own vs Locally Grown and see if there is anything that needs to be developed..

Brand Program – Leann Hunting commented that Representative Roberts has opened a bill with a number but no context in the bill regarding brand inspection and how it relates to meat inspection. Rep Roberts heard from one of his constituents who also is a custom slaughter owner and is saying that they have an issue with charging the increase in fee that UDAF implements. The custom slaughter facility is a contracted employee with the department. If someone has an animal they are sending to slaughter you are required to obtain a brand inspection from a brand inspector before dropping off the animal. If you don’t have the brand inspection the custom slaughter has an agreement with UDAF to perform the animal identification on behalf of UDAF. That also includes collecting brand inspection fee. This is a ten dollar increase. Leann’s response back to Representative Roberts is if he was hearing from a producer that had to pay a fee, it would warrant opening a bill, but the custom slaughter owner is not paying the fee but passing the cost on to the producer. Representative Roberts is trying to change the law regarding fees, but also gathering information regarding the Brand Inspection Program and calling itan

outdated services that is no longer needed in the State of Utah. Individuals are claiming that Utah is one of a few states in the nation that still does brand inspections and that we are forcing it on our producers. Leann commented that every surrounding state does brand inspections. We provide that services because of the need from producers in the State of Utah. Representative Roberts has gone on to say that maybe they will look at exempting hobby farmers from brand inspections. Representative Roberts commented the hobby farmers are not branding their animal, so there is no reason to pay for brand inspections. Leann commented that it is not the brand they are looking at but an animal identification. If there is no one to conduct a brand inspection, a lot of theft would be easily done. Most producers are in opposition of what is being proposed by Representative Roberts.

Commissioner Gibson commented that the legislature set the brand inspection fees, which were set in the last general session which took effect July 1, 2019. UDAF believes that the Brand Program is intended to be a service that is provided which producers have asked for. As the industry sees and makes changes that need to be made in the Brand Inspection Program that they follow the process which is to make those recommendation through the Brand Board that has been set up specifically to deal with these issues and that the Brand Board can propose solutions to the legislature who will then have a well thought out direction on how to move forward. Changes should not be made on only one constituent. We have heard nothing but positive commented in the last 8 month regarding the Brand Inspection Program. We have heard positive commented from Industry regarding where we are headed with the program. We want to make sure that the legislature has all the information funneled through a shifting process including the Brand Board and the Ag Advisory Board before we support major changes. The Brand Program is very complicated.

Budget Process – Kelly Pehrson

The Governor's Office came out last week; some of the building blocks that UDAF had requested were awarded to go through legislation

\$275,000 – Food Hub

\$275,000 – Grant Program for school district- which did not make it

\$3 Million – Water Optimization Project to help save water in the ranching community

\$1 Million – Evasive Species Mitigation Fund for noxious weed to be used as grants.

\$500,000 – Supplemental Bill

2019 we received funding for 2 FTE regarding Predator Control.

Two new vehicles for Predator Control

Cannabis

Hemp

Kraytom

Ron Gibson commented that he wanted to discuss “setbacks”. Farm Bureau is extremely worried regarding setbacks. Farm Bureau would like to see decisions made on a local level

Two years ago Beaver County came up with a five mile setback for any church school or residence for a CAFO. At that time, it was the largest set back in the country. Currently Millard County has come out with a ten mile set back, not only pigs but also any CAFO's.

Ron Gibson commented that Senator Sandall has a Bill that will try to help with the setbacks.

Loan Report – RJ Spencer

Handout – attached – Reviewed

These loans are available to help producers not only in an emergency but with grants. (Grants are for programs/outreach, not purchase of land)

RJ made a recommendation that the loan report be approved. A motion was made by Cliff Lillywhite to approve the loan report; motion was seconded by Jim Withers. Motion passed unanimously.

Emergency Loan and Interest Rate – RJ Spencer

RJ Spencer commented that at the last Ag Advisory Board Meeting the Board made an acceptance to the interest rate. In an emergency the Board has authority to change the set rate of 4% to any amount. The discussion last time was regarding consistency.

RJ is looking for Direction. Currently FSA has increased their rate to \$600,000.00; last year it was only \$300,000.00. That is why we have not seen an increase in our rural rehab loans. Our loan caps at \$300,000.00 unless we make an acceptance, we could increase that amount if we go through rules or keep it at that. Also, the 4%, we could change that.

It was commented that FSA charges 1.5% to 2.5% depending upon the size of the loan and the longevity.

Mark Gibbons commented that we should have a discussion on lowering the interest rate. At some point could the legislature focus on the money that is set aside for loans that is not being used and take it. Government should not be in the business of making a lot of money, you want the return, but should make the loans available and an option for producers to come in and utilize the program.

RJ commented that the way the loans are set up is that you need to be rejected by three financial institutions before you can be approved for a rural rehab loan. This is a loan of last resort.

Jim Withers commented that he would like any information from the UDAF staff to help them make a decision with their knowledge. Jim would like to be able to adjust the percentage amount based on circumstance.

Ron Gibson commented about the loan limit of \$300,000.00, is that something we should look at and increase it.

RJ commented that we would need to change the limit in code.

It is commented that we should have the loan department bring to the Ag Advisory Board recommendations for loan amounts.

Rusty Bastian commented that the change in interest rates should not be based on needs but on risk.

Cliff Lillywhite made a motion for the Loan Division to conduct research and present to the Board regarding adjusting the loan limit from \$300,000.00 to \$600,000.00. Motion was seconded by Commissioner Gibson, motion passed unanimously.

Kelly Pehrson commented that a matrix would need to be created so that it would be fair for everyone for risk mitigations, in order for us to avoid any complaints

Nicole Hanna commented that there is a point that we also cover our cost and there is only a certain amount that can be used to cover the administrative cost associated with these loans.

Predator Control Program – Leann Hunting

The predator program is a three part program funded three ways:

Utah Department of Agriculture and Food
Utah Department of Natural Resources
USDA Wildlife Services

The staff that is in the program are Department of Agriculture employees. When they do work in certain areas that are designated by DWR as deer habitat, they charge that service to DWR and that is how they fund our trappers. However if they are working on either livestock or deer, the state employees are managed by USDA Wildlife Services, which is a federal agency. They are a lot of hiccups between the three agency, which have not been worked out. Not only is the funding murky but how the staff has become managed has become an issue. Currently we are working the DWR to realign the polygons because our budget for this program is based upon the knowledge that we will be flying in the winter on deer habitat and charging to DWR. This year we haven't received as much snow, applications, on the ground which means we are not able to charge as much to DWR which negatively impacts our budget.

Industry Status Report

Cliff Lillywhite – The egg industry is the same as last time.

Rusty Bastian - It seems like the industry is consolidating and there are fewer companies into the natural and holistic side.

Tracy Hatch - Industry has been going relatively well. There is good cooperating with individuals working on federal lands. Thanks Leann and Commissioner Gibson for all the work they have done. I will never agree to zero brand inspection, it is very necessary. We need to keep the brand inspection law in place.

Dr. Kerry Rood – Regarding the DVMA, veterinarians in the State of Utah have a large group. However in commodity groups there are not a lot of veterinarians that will work on food animals. They are rural areas that are designated as shortage areas. The previous state veterinarian designated some areas. The approval of veterinarian shortage areas is through the

State Veterinarians office and then through a review process with USDA. Their student loans are able to be supported in those areas if they qualify along with living in those areas. That is an anonymous list that we actually don't know who is on it. That program has been very successful in Sanpete County. We see multiple practices cropping up in small town.

Luke Petersen – Handed out popcorn and commented that this was something that is grown on Luke's farm. Luke grows popcorn because it is one of the simplest things to grow and show that magic hides inside the simplest things.

Michael Stephenson – In the beekeeping industry it was a tough year last year. There have been a lot of bee losses. This year will be a rebuilding year, and we are hopeful.

Randy Parker – USDA Rural Development

- Invested \$474 Million dollars in Rural Utah small towns and communities
- Helped 1,700 families get into affordable housing in 26 counties.
- We are investing in connecting with rural Utah's farmers and ranchers
- Beehive Telephone and Emery Telecom received 5.1 Million to help obtain high speed internet.
- Improving and lowering the cost of energy to help put other modes of energy to reduce the cost of energy on farms.
- Helping communities deal with water and sewer issues.

Wade Sperry – One times are tough volunteerism usually goes up. We are in a good way, and volunteerism is going through the roof.

Chris Falco – The mink industry is waiting for the next sells in February and March. Hopefully sells will increase and keep our ranchers going for another year.

Allen Henrie – Every acre in the State of Utah is covered by a Conservation District. Please take the opportunity to participate. We represent everyone. There have been changes this year and now the Commissioner of Agriculture will appoint all the representatives. We do have some concerns.

Jim Withers – Dairy business has been good the last 3-4 months, are prices have increased which we are thankful for. We are hoping for a good 2020.

Mike Osguthorpe – The wool industry started out rough with China, but now we are starting to sell our wool to the military. Lamb prices were \$1.60 this fall. Our biggest issue is the H2A program. We need the H2A program which is a visa program to bring people from other countries to work. Wages in California went up which will be the trend. Concerned with wolves.

Dr. Ken White – There will be a Hemp Seminar, Sandy, Utah at the Miller Free Enterprise Auditorium at Salt Lake Community which will be held February 4 which will be a good opportunity to hear what is going on and ask questions. We continue to have a lot of turn over with retirements. We are filling those positions as quickly as possible.

Allison Fiscus – We will hold our annual Pork Producer meeting Friday, January 24, 2020 and everyone is welcome. All of our pigs in Utah have contracted to be sold.

Marilyn Albertson – Marilyn will be retiring the end of January, this will be her last meeting. The referendum regarding food tax is a concern and don't know how it will affect them being on a limited income.

Mark Gibbons – Farmers Union just completed their annual convention which was successful. Commissioner Gibson was a speaker along with FFA.

Meeting is adjourned.