

Montana Organic Commodity Advisory Council
Business Meeting – February 26, 2004
Helena, Montana

Attendance:

Council Members:

Mikel Lund, Producer
David Oien, Handler
Randy Hinebauch, At-large (Producer)
Judy Owsowitz, Producer
Robert Boettcher, Producer
Nancy Matheson, Producer
John Hoffland, Consumer
Ralph Peck, Director

MDA Staff:

Greg Ames, ASD Administrator
Steve Baril, FSB Bureau Chief
Donna Rise, in-coming FSB Bureau Chief
Doug Crabtree, Organic Certification Program Manager
Minda Kolar, Administrative Support

Ralph Peck called the meeting to order at 1:08 p.m.

Ralph thanked everyone for their dedication and efforts in making this program run smoothly and efficiently. He also mentioned that we are strongly working toward joint certification and ISO Accreditation and will continue to take the steps necessary to achieve this goal. Ralph met with NASDA and USDA last week in Washington, D.C. and discussed GMO issues and approval methods. USDA is stepping forward for approval process and they are paying special attention.

Bioterrorism is becoming an even larger issue in our food supply and cases with spread (chicken incident in Texas) and this is where Organic production and products come into play.

Ralph also mentioned there will be \$40,000 available for the organic program from USDA specialty crop grant funds.

Minutes from Nov. 20 meeting:

David stated there are a few minor changes from the November 20, 2003 meeting that will need attention. First is on the bottom of page 6 where the Marketing Committee was established. The minutes state that John and David will be on the committee, but Randy also should be listed on the committee.

Also, after adjournment, it is stated that David mentioned MSU is exploring the idea of a Research Center, and in actuality, the ORGANIC COMMUNITY is exploring the idea for an MSU Research Center.

David made a motion to accept the minutes, with the noted corrections. Robert seconded the motion and the **motion passed unanimously**. The minutes of the November 20, 2003 meeting have been approved.

Program staff update:

Greg Ames mentioned that Minda is leaving and Steve Baril is retiring. March 16, a retirement dinner for Steve is held and the 19th an open house will be held at the Agriculture conference room starting from 3:00 p.m. – 5:00 p.m., which will be open to anyone who would like to attend and wish Steve farewell.

It has been approved to hire Darlene Ramage temporarily until the position is filled. Darlene will start on Monday, March 1, 2004.

Program update-Presentations, questions, discussion:

Certifications:

Doug reported that we currently have 73 Certified operations; 57 producers and 16 handlers compared to 44 last year. Five more are in process right now, one producer and four handlers. We will have 78 by end of this fiscal year.

Projection for fiscal year 2005 is 100 certifications. This includes 22 new certifications plus the 78 continuing. Producer applications are due March 15. We currently have five continuing producers already here and six new ones. **Judy asked** where that number came from? Doug stated that 22 is strictly a projection.

Since the program started we have sent approximately 200 applications. New producers are required to submit applications 120 days prior to harvest of crops to be certified.

Budgets:

Since this item was skipped at the meeting, Doug will send out the latest budget report to the Council via email.

Rule Adoption:

Process is completed! Rules are complete – WE NOW HAVE A HARD COPY. WOOHOO! Great Job everyone~

Cost Share:

Doug gave an update on program and we have received 70 applications, processed 56, and have given \$17,801 of the \$110,000 available, \$7,000 just since the end of last quarter.

David asked if we should send a news release to get the word out. The department sends a Cost Share Application along with each Inspection bill and the majority of them came back.

Ralph says it is a great idea to send a news release to update new applicants about the deadline, work with Ron Zellar, Public Information Officer.

Randy asked if you can apply for 2004 Cost Share funds. The rule currently states you can only apply for 2 years. Ralph says we can write a letter and request another year.

Judy thinks maybe this is the reason people are not participating in the [cost-share] program. **Ralph** will sign a letter to USDA requesting additional years for reimbursement. We are also working with NASDA on continuing the cost share program.

ISO Accreditation

Doug sent results of the gap analysis project. We are developing a new contract that follows the work plan developed and will hire contractors to follow through with revisions for ISO Guide 65 compliance.

Randy asked what the time frame will be on the completion of the Accreditation?

Doug would like the work complete by June 1, 2004, we can then submit application for accreditation and work towards having the program available for the 2004 crop. It is estimated that approximately 313-449 hours are needed to complete revisions at a cost of \$15,000-26,949 to complete the process for ISO Accreditation. The \$40,000 grant will take care of these fees. Accreditation requires full program audit and site visit by a USDA audit team, which will cost \$7,234.00 in addition to the \$15,000-26,949 for program revisions. Annual audits, required to maintain the ISO accreditation will cost ~\$5,000 per year.

Ralph will keep working with USDA to combine ISO and NOP into one.

Is ISO really necessary? **David** asked if the bigger mills will benefit from this. Will GM benefit? **Doug** mentioned GM is expecting to move into that market in the next 3 years. Kamut people say it is a necessity. It will be necessary for future applicants also looking to sell to the European market.

David asked how many producers will be affected? Doug says at least six producers that are currently certified and at least twice that many needed it and don't know it and 2-3 handlers that expect it.

Ralph feels ISO Accreditation will be necessary for the future for sure because of the growth in the industry.

Randy, thinks we need to reach out to new businesses/producers, etc. coming in and wondered if we should do something different on user (assessment) fees for this year?

Doug made a presentation in Wyoming with a crowd of approximately 300 producers (mostly grain and livestock producers). We have sent 10 applications resulting from this event already. Wyoming has no certification program, they are currently certifying thru Colorado or out-of-state private certifiers. The Wyoming business council is very interested in working with us and would like to discuss setting up a cooperative arrangement as well as making a contribution to our program.

Ralph says this is what will strengthen our program.

What is the process for making a final decision for the ISO Accreditation group? Everyone will send in a bid (3 or 4) and we will look at qualifications and price. MDA staff will decide this through the proper chain of command.

Assessment Fees

Doug stated that the current rule requires operations certified by the Department and one or more additional certifier(s) to pay an assessment fee of .5% to the Department on sales made under the other certification(s). This is a problem for operations that need other certification(s) to market their products. Some currently-certified operations have indicated that they will not continue their certification if we impose this fee.

Judy wondered how much of a percentage more will it cost to stay OCIA, compared to MDA. Up front fees and inspection fees are about the same/we might be a little more. MDA assessment fees are 1% and OCIA assessment fees are .6%.

David- Waiving the fees to test water was worth it, should we extend it for 2004? Should we offer to waive fees for anyone who is dual certified for any year? And how long do we need to do this?

Randy thinks we should lower assessment fees and raise the application fees. Montana is cheaper for entities producing under \$100,000 and OCIA is cheaper for over \$100,000. Assessment fees are about equal for \$150,000. Target market will be the growers under \$150,000 in sales. This may bring a few over from OCIA that want to test things out.

John – this will make a positive statement that we are trying to be fair in the process.

Doug- is there really a need for this rule? Simply eliminating the rule regarding .5% assessment on sales made under another certification could be an option.

David suggested to not have assessment for dual certifiers.

Randy says we should assess fees no matter who or what...DISCUSSION.

David suggests to waive any assessment fees for dual certification applicants.

Doug suggested that amending the existing rule to become effective January 1, 2005 might accomplish the suggested goal, without writing a new rule.

David made the motion, Nancy seconded, all were in favor, the motioned **passed unanimously**.

The new language will be added to the end of rule 7, sub 3b, sub 4 “**will become effective 1/1/2005**”

Judy asked if we could send a press release.

David suggested we send a letter to all certified producers. We will need to send this rule to everyone.

John asked about sending information on ISO, should we send this out in a press release.

Judy recommended to get a press release on intent to change rule and ISO Accreditation. It was decided to talk to Ron Zellar (Public Information Officer, Projects Coordinator)

Forms revisions committee/ideas:

Nancy would like to look at giving the Montana Certificate a more Official/Professional appearance. TDF is missing buyer info such as zip code, etc. She would like to work with staff to make a few necessary changes.

Doug agreed, we need to ensure we have the correct information (NOP), etc. on the certificates. He recommended doing a poll to get feedback before we change the looks of the certificate. The current certification is quite popular with most of our growers.

Steve suggested Nancy work with us and we can check with the council for new ideas.

David also agreed with Nancy concerning the certificate.

Doug suggests forming a committee to look at changing the certificate/provide some suggestions.

David and Nancy will be on the **FORMS COMMITTEE..**

PR Committee:

John gave an update on PR committee:

John met with Angelyn DeYoung, Marketing Specialist, Montana Department of Agriculture today and discussed:

Goals:

- groups to target (Organic growers who are not certified w/state)
- Personalized follow up calls-staff or council members
- Extension agents-sending out brochures, info packets, etc.
- Conventional producers and handlers-
- Half time marketing individual, consumers and producers. She can help with advise, but she has a full plate at this time.
- Marketing of stuff: bumper stickers, etc.
- Mentoring: good fit and more realistic for council members to take on.

Angie mentioned modeling efforts with Made in Montana - Color World can make seal stuff and will hold inventory. Get stickers through them, all financial transactions.

Judy also stated that Resource Label Group/White Tissue, a famous label maker just put in a huge plant in the Whitefish area. They want local people, not just temporary, but long term.

Judy-mentoring -- Sense of community, human contact is good, follow up phone call for cost share, etc., phone tree-everyone makes 2 calls.

David likes highlighting people - do news releases with names and locations where these mentors are.

Judy likes the idea of sending a list of certified growers to other certified entities – this shows a sense of community.

Ralph mentioned the Buyers Guide Directories, by getting permission from growers to list their name. Form in the back. Info is also available on website. Maybe look at doing this with the organic community. We will not list their name without their permission. Used by our marketing staff.

Judy feels this is a fine idea.

Doug-We currently ask applicants whether they would like to be on a list for prospective buyers. This would be a separate question. Release upon request, producer buyers directory. We could add another statement as well.

Ralph says we can expand the buyers guide for organic list. We need to get their names out wherever we can. Also thinks call tree is a great idea.

Doug would like to see a list on the website.

David feels staff time is a concern. OCIA charged a fee for this service – could cost several hundred dollars for a whole list of grain growers (for example).

Doug says it will save staff time, if the list is available (to prospective buyers) on the website.

Ralph says we will take an approach to add another check mark to get permission, and get a database established for organic names and producer/status. This may take a while, but it can be done.

Program Review Report:

David gave the following report:

A Committee of four (Nancy, Judy, John and Dave) met at the Department Jan 21 and 22 to review 8 files (10%) for the 2003 season. The suggested changes from last year's review committee were made. Omissions that were found were not a big deal. Some information was lacking, that may have been helpful if the prior committee had been there.

Thoughts of changing the system plan forms for producers and handlers may make things easier. Mostly minor changes, though. There may need to be some text changes to make them more specific. Staff is still doing a lot of amendments, too many phone calls for incomplete applications. Need to review forms page by page to make this easier. Greater concerns are there was difficulty determining who made changes to applications. It was helpful when this was done, but sometimes it wasn't specific who made them. Original applications were not in files, mostly copies were in files. Need to maintain the original in the files. Make flow of process more apparent and smoother.

Judy suggested checking with Tim Meloy, Department Attorney, to ensure the above [use and retention of signed copies, rather than original OSP's] is legal. **Judy** also mentioned that everything should be well dated and they were not. Some applications were not completed.

David- What are the changes necessary and what process is needed to review forms for clarity. Subcommittee is necessary of council members? It is the responsibility of the applicant to fill out forms, but we need to provide a form that is easy to understand and fill out.

There are concerns about the variation in fees charged for inspections. And a few things the inspectors need to be reminded of regarding professionalism on the job. For example, they need to avoid small talk, as these people are being paid for every minute they are there.

Interview of Steve and Greg – staff works well together and interested in implementing improvements.

Nancy says handler certification should say exactly what they do, what they are handling, etc. They should be issued new certificates on what they are being certified for.

Randy- Brokers are considered handlers. Forms are not well adapted for this. Do we to establish a form specific for brokers? Maybe look at other certifiers' forms.

David and Judy- The forms need to be corrected to be according to the rules.

Doug suggested we form a Forms Review Committee.

Seed affidavit-what is a good faith effort? Do we need to look at this closer? Some applicants are calling businesses that were called the previous year. Not making a real respectable effort. Until NOP changes their standards, it will not be a very large issue in our program.

David stated there is a lot of seed out there that is available that 's not being used.

Discrepancies between inspection timeliness between receiving reports from inspector, this issue needs to be addressed.

It was also mentioned for the department/inspector to send a list prior to the inspection to notify the inspected entity, of the documents necessary for the inspection. This will save time AND money.

Doug mentioned that we do provide the inspection preparation checklist, which should have the necessary information.

Steve agreed with the wide variation of costs. Please list any recommendations for this subject in final report.

Four people for review worked much better than the two last year.

Next meeting:

The next MOCAC meeting was tentatively scheduled for **Wednesday, July 14, 2004**. This date is subject to change.

Bob mentioned that he had resigned from the NRCS Committee.

Meeting was adjourned at 5:00 p.m., as the conference call link was terminated.