



## **Animal Industry Division**

Budget Account 4546  
Livestock Inspection

June 1, 2020

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*Rebuilding the Livestock Inspection Program*

# Rebuilding the Livestock Inspection Program

## Animal Industry Division

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# Rebuilding the Livestock Inspection Program

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### I. Introduction

The Nevada Department of Agriculture’s proposal for “Rebuilding the Livestock Inspection Program” represents improvements to the existing services of the Animal Industry Division’s Livestock Inspection Program (also known as Brand Inspections) under budget account 4546. This plan is intended to be funded by fees collected by the division under the fee schedule per Nevada Administrative Code (NAC) Chapter 565 Inspection of Brands.

Improvements to the plan include adjusting employee status and reporting structure as well as investing in technology to improve communication and efficiency. The NDA will work through the workshop and hearing process, with the agriculture industry, to update the fee structure collected under NAC Chapter 565. Changes to the fee structure are necessary to implement the proposed enhancements below. The NDA has completed initial scoping with industry groups to determine the level of interest and adoption of the proposed fee structure changes.

Based on ideas presented in initial scoping, it was determined that a statute change will also be recommended in NRS 564 Brand and Marks to shorten the brand recording time period from four years to three years.

These changes will be made with full industry knowledge through the legislative process (NRS) and workshop process (NAC). These fee changes are the basis of the livestock program rebuild and future success.

#### A. Agency Mission and Goals

The mission of the department is to preserve, protect and promote Nevada agriculture. The Animal Industry division supports the department’s mission through its Veterinary Medical Services program, Livestock Identification program, Livestock Enforcement program, Commercial Feed program, and Predatory Animal and Rodent Control program.

The department’s goals, outlined in its 2019-2023 Strategic Plan, are below. Please note the numbers do not coincide with priority.

1. Modernize statutory and regulatory framework
2. Increase financial stability
3. Increase economic development opportunities for ag sector
4. Become a customer focused organization
5. Create a cohesive organization

The proposed enhancements to the department’s livestock inspection program will support the department’s mission by preserving and protecting Nevada’s livestock industry. The proposed enhancements achieve by supporting the following goals:

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1. Modernize statutory and regulatory framework
  - a. Modernizing NAC 565 by setting livestock inspection rates that are based on the cost of service. Inspection services will be sustainable and delivered more efficiently and effectively in order to support industry growth.
  - b. Modernizing NRS 564 by adjusting the rerecording years will also provide funds to cover the inspection program without increasing the per head fee of cattle.
2. Increase financial stability
  - a. Increasing financial stability, by basing inspection rates on the cost of service, will enable the service to be supported by those who use the services. Other revenue received into budget account 4546, for example fees for laboratory services, will be able to be applied to the appropriate costs.
  - b. During the last year, the department looked at what is and isn't working as well as listened to industry feedback. The department identified key areas in need of improvement including – procedures for scheduling inspections, digitizing public livestock auction inspections, structuring brand inspectors reporting to better serve the industry and the employee, and supervisory support for both the inspectors and the integrity of the program.
3. Increase economic development opportunities for ag sector
  - a. Rebuilding the livestock inspection program will ensure continued commerce. The vast majority of Nevada's cow/calf operations require shipping cows/calves across state lines where eventually, they enter processing systems and become hamburger, steak, roasts etc., as well as providing products for household goods, pharmaceutical products, and travel-related products. Rebuilding and then maintaining a successful livestock inspection program will support the industry and provide opportunities to expand and/or find new market prospects. The department endeavors to improve the inspection system as part of an overall animal disease tracing system to help Nevada's industry become the leader in agriculture.
4. Become a customer focused organization
  - a. Over the last year, the department and the livestock industry agree on many of the challenges faced in the resource heavy livestock inspections service. Yet these services are an integral part of the industry, preventing livestock loss through straying or theft and amenable solutions to improve record keeping and deliver service at a sustainable fee for both program costs and the industry, must be implemented.
  - b. The livestock industry, for their part, have expressed their concerns with the services, their apprehension of increased rates, and their desire to be included in the process of a proposed rate change. The NDA will continue to communicate and collaborate with industry members by moving forward with the regulatory process that will include feedback collected at workshops and the opportunities to adjust regulatory language.
5. Create a cohesive organization



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a. Creating state brand inspector positions will support the department’s goal of a cohesive organization through the recruitment of employees who will have a more vested interest in the program by being a direct employee of the department and carrying out the department’s mission and goals as a member of the team with the same vision. Additionally, removing the employment contractor (all brand inspectors are currently employed thru ManPower) as the intermediary will ensure that all staff follow and adhere to the same state and department policies, procedures and standard operating practices, thus creating cohesion and equity among department staff.

This program was developed with the Governor’s priority of all Nevadans having access to food for their families. Agriculture is the genesis of food and the cattle industry in Nevada is an important component of supplying beef to the country, including Nevada. The livestock inspection program is meant to ensure legal transfer of livestock for the purposes of protecting both the buyer and the seller from theft or fraud and tracking the safe movement of animals both intrastate and interstate. Ensuring a healthy and stable industry is paramount to contributing to Nevada’s food supply and accomplishing the goal of feeding Nevadans.

### B. Assessment of Current Services

In the 2017 session, the department requested an enhancement (E250) transferring brand inspectors from state employment to contracted services. The request stemmed from Audit Report No. 15-02, December 2014, conducted by the Division of Internal Audits directed by the Executive Branch Audit Committee. The report made several recommendations, including transitioning to contract brand inspectors which the department agreed to explore.

The audit states “Contracting part-time inspectors could benefit the state by over \$100,000 annually”. In addition to savings, the audit suggested that there may be gains in record keeping, productivity, training, etc. As the department explored the contracting option it also concluded that savings would be realized.

However, by 2018 after the transition was complete and leave payouts made, it became evident that not only did the division not realize savings, but that using contracted brand inspectors actually increased brand inspector personnel costs. This resulted in an overall increase in costs for the program.

Fiscal Year	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Proj
Cat-01 Salary and Benefits	\$ 213,730	\$ 211,875	\$ 158,566	\$ -	\$ -
Cat-04 Contracts	\$ 18,256	\$ 50,122	\$ 251,179	\$ 337,887	\$ 369,312

It also became apparent that managing contracted employees was more time consuming, made it difficult for both the department and staff to provide consistency in training and instruction, and that contract work was not satisfactory for the brand inspector employees nor the industry who

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depends on their services. The current contract company stated in 2019 they do not want to employ brand inspectors any longer and requested that the department find an alternative solution as soon as possible. An alternative contract company, who is willing to employ brand inspectors, will charge an additional 10 percent over the current contract company rates pushing the expenses for contract work even higher to 34 percent of each employee's hourly wage. While the department develops and hopes to implement this business plan, the current contract company has agreed to continue servicing the brand inspector's employment, but also at the additional 10 percent rate. With contracted personnel costs already greater than those of state employment, the additional 10 percent is expediting the depletion of program reserves.

#### C. Background

Livestock identification protects livestock producers and owners from theft and unfair business practices through the recording of brands and inspection of those brands on livestock presented for sale, shipment out of the state or across Nevada's brand district lines, or prior to slaughter and the licensing of livestock and agriculture product buyers. Branding is the main method of permanent identification and proof of ownership for livestock. Similar to how consumer products have barcodes, livestock have brands to track the ownership of an animal. Official identification and movement documentation are also essential to animal disease traceability, verifying a safe food supply.

Animal disease traceability or knowing where diseased and at-risk animals are, where they have been, and when, is important to ensuring a rapid response when animal disease events take place. Although animal disease traceability does not prevent disease, an efficient and accurate traceability system reduces the number of animals and response time involved in a disease investigation, which, in turn, reduces the economic impact on owners, affected communities and the food supply.

Livestock identification services include:

- Recording of brands – Nevada Revised Statute 564 requires a legal record of a brand by recording the brand or mark through a livestock brand application completed by the requestor and approved by the department.
- Brand inspection – Nevada Revised Statute 565 requires a brand inspection by the department before cattle or horses are transported out of a brand district or across state boundaries, before cattle are slaughtered, and whenever a change of ownership takes place. Although you may record a brand and brand your livestock, you do not have to brand livestock UNLESS your livestock are grazing on public lands.
- Livestock Movement permits – For cattle movement across district boundaries, a producer may apply for annual Livestock Movement Permits in lieu of requesting individual brand inspections for each shipment.
- Annual/lifetime horse inspection – Annual and lifetime horse transportation permits are available.

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- Rerecording of brands – Rerecording of a brand or mark that has already been legally recorded. Rerecording is due every four years (changing to every three years pending the implementation of this business plan).
- Livestock assessment tax – Tax assessed upon owners of livestock per NRS 575.185 and NRS 562 which is deposited into the Livestock Inspection Account.

## II. Business Plan Details

### A. Implementation Plan

The Nevada Department of Agriculture will work through the workshop and hearing process, with the agriculture industry, to update the fee structure collected under NAC Chapter 565. Changes to the fee structure are necessary to implement the proposed enhancements below. The NDA has performed initial scoping with industry groups to determine the level of interest and adoption of the proposed fee structure changes.

For many years, the Livestock Inspection Program has come under criticism by the industry, the Governor’s Finance Office and legislative representatives. Industry criticism has revolved around the lack of knowledgeable brand inspectors, timely responses to inspection requests, lack of consistency, and cattle producers bearing most of the burden funding the program. State staff and legislative representatives have repeatedly questioned the fiscal stability of the program and the continued decline in budget reserves over the years. Attempts have been made to fix aspects of the program, but it has become clear by the department that rebuilding the program is necessary to create a long-term, successful program. The rebuild includes a comprehensive assessment of the fee composition, upgrading systems to an electronic format, modifying the reporting structure and changing employee status.

The industry has also expressed frustration with the contract employee direction that the livestock inspection program took in 2018. Contract employees can be difficult to schedule as there is little organization or centralized contact point. Contract employees often cannot work full-time so some requests go unanswered. Also, because of time constraints and lack of authority over contract employees, the quality of work suffers.

The following proposed enhancement requests have been identified to rebuild the Livestock Inspection Program and to ensure the department’s statutory obligations are met, the industries economic interests are protected and to provide a record for animal disease traceability.

1. An enhancement unit in the FY22-FY23 biennium budget will be proposed to create 30 intermittent (NAC 284.436) brand inspector I positions at grade 23 within the Agriculture & Conservation position schedule under the Livestock Inspection specifications. In the 2017 session, the department requested an enhancement (E250) transferring brand inspectors from state employment to Manpower contracted services. The request stemmed from Audit Report No. 15-02, December 2014, conducted by the Division of

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Internal Audits directed by the Executive Branch Audit Committee. The report made several recommendations, including transitioning to contract brand inspectors. The department agreed to explore contracting; however, it has since been determined that the recommendation was not effective or economical, and the department is now rectifying the situation through this proposal. The intermittent positions will address inspections during the two busiest seasons of the year, spring and fall.

Intermittent status is used to supplement a full-time staff and may be called to work at any time. Brand inspector I employees will work less than 80 hours per month.

2. An enhancement unit in the FY22-FY23 biennium budget will be proposed to create four full-time brand inspector II positions within the Agriculture & Conservation position schedule under the Livestock Inspection specifications at a grade 25. The brand inspector II positions will be stationed to cover designated regions of the state and provide inspection services to the industry as scheduled through an online field service scheduling system. Additionally, these positions will provide oversight of brand inspector I positions located in their respective regions.

Brand inspector II positions will be employed as full-time positions whom inspect livestock and documentation to determine legal ownership. Record livestock descriptions, brands, marks and shipment details on brand inspection certificates for the sale, movement, or slaughter of livestock. Collect fees via the digital brand inspection system. Verify health documents if required. Inspect livestock prior to sale at livestock auctions to determine legal ownership and issue brand inspection certificates to new owners. These positions will also assist the supervisor position with inspector hiring, training, scheduling, timesheet review, and program audits of brand inspections performed and livestock assessment tax compliance. Non-compliance of statute and regulations will be reported to law enforcement staff for enforcement.

Brand inspector I positions will supplement full-time brand inspector II positions on an on-call basis by inspecting livestock and documentation to determine legal ownership.

3. An enhancement unit in the FY22-FY23 biennium budget will be proposed to create one full-time brand inspector III (supervisor) position within the Agriculture & Conservation position schedule under the Livestock Inspection specifications at a grade 27. The proposed position will provide comprehensive oversight of brand inspector II positions and, indirectly, brand inspector I positions. Previously all brand inspectors reported to Agricultural Enforcement Officers which hampered the ability of officers to perform law enforcement functions including work with local jurisdictions on industry related crimes and investigations as well as monitoring movement of plants and animals across the state for quarantine status. Creating a full-time supervisor will be critical in addressing the needs of industry to make sure brand inspections are scheduled in a timely manner and assigned effectively to conserve state resources due to time and travel.



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A supervisor will ensure accurate and timely completion of annual and quarterly reports to the State Board of Agriculture, Governor, and industry groups, serve as first line of customer service for producer inquiries that can't be addressed by brand inspectors, provide program audit services to identify any challenges in brand inspections and brand recording, transfers and rerecording, and ensure producer compliance with annual livestock assessment tax. The supervisor will also coordinate hiring, onboarding, training, complete Report on Performances, mentor and implement discipline, and review and approve timesheets, and proper use of leave.

The supervisor will also audit self-reported livestock tax numbers and reconcile with brand inspection numbers, review and approve any request for waived fees, ensure compliance of statute and regulations and notify law enforcement staff of violations identified.

4. An enhancement unit in the FY22-FY23 biennium budget will be proposed to lease five fleet services vehicles, one for each of the proposed full-time brand inspectors: four brand inspector II and one brand inspector III.
5. An enhancement unit for the FY22-FY23 biennium budget will be proposed to procure a digital brand inspection program to replace the current paper system in use at the public livestock auctions.

The digital public livestock auction brand inspection software will implement efficient practices, reduce staff hours and ensure state compliance with federal Animal Disease Traceability requirements. Brand inspectors currently complete all documentation manually in paper form after visually inspecting livestock at public livestock auctions. The completed paper forms are then transferred to another brand inspector who works in the office of the public livestock auction and records all sales data via paper format. The information is then transferred to the public livestock auction personnel where a brand inspection certificate for change of ownership is generated. At the conclusion of the sale, all completed paper forms and fees collected are placed in an envelope and mailed to the department's Elko office for processing.

The digital program requested would allow inspectors visually inspecting the livestock to enter all required information digitally into a handheld device. The handheld device then digitally transmits the information to the computer workstation utilized by the inspector in the public livestock auction office. When sale transactions are completed, the office inspector then digitally attaches the corresponding seller and buyer information which then generates a brand inspection certificate for change of ownership. Since this program is digital and cloud based, all information entered, and transactions completed may be viewed and processed in real-time by department administrative staff located at any of the department offices.

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6. An enhancement unit in the FY22-FY23 biennium budget will be proposed to procure an online field service scheduling system for \$18,480. The system will be critical to the rebuilding of the livestock inspection program to allow for the most effective use of state resources by viewing of workload, time tracking, real time locations and itinerary for efficient scheduling and planning.

The division will utilize this online scheduling software program to schedule inspections, identify the nearest inspector available, prioritize inspection stops and locations, communicate with staff and pull reports.

7. An enhancement unit in the FY22-FY23 biennium budget will be proposed for IT equipment necessary to replace current outdated iPads previously purchased by grants and not included in the IT replacement schedule. The proposed equipment will replace current equipment after it has run its useful life. The proposed IT equipment would upgrade current inventory with Microsoft Surface Pro notebooks and associated equipment.

With the approval of the proposed business plan, the projected funding to support the plan will be derived from an increase in fees as well as the shortening of the brand rerecording period as follows:

The program currently assesses a first animal fee of \$9 per head when completing a brand inspection for horses and cattle. The \$9 per head, first animal fee will be replaced with a \$35 call fee (travel fee) for each place of inspection, excluding public livestock auctions and livestock brought to an inspector's location.

The program currently assesses a \$1 per head fee for cattle inspections, which will remain the same.

For horse inspections, the program currently assesses a \$3 per head fee, which will be increased to \$5 per head; \$25 annual inspection fee will be increased to \$35; \$50 lifetime inspection fee will be increased to \$75.

Brand rerecording is currently \$120 every four years. The \$120 fee will remain the same with the renewal period being shortened to every three years.

In addition to creating a brand inspection series, onboarding and ongoing training will be essential to ensure the department is meeting its regulatory obligations. Semi-annual training, designed to provide inspectors with guidance on issues over the latest time period, report on performance measures, review policies and procedures, receive input from inspectors, and will provide an opportunity to hear from the division administrator, the State Veterinarian and



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Agricultural Enforcement Officers in order to support livestock inspection services and improve service.

The proposed enhancements, if approved, will improve the department’s livestock services, moreover, they will strengthen the ability for these services to continue in a manner that protect public and animal health, reduce or eliminate reliance on paper systems and provide a foundation for consistent application of regulations.

### B. Workload

According to the current brand inspection system, 14,286 brand inspections were performed in FY19. Part of implementing new software for data tracking as recommended in this business plan is to have the ability to track workload over several years to determine trends and enact planning to respond to fluctuations in industry.

### C. Financial Assessment

#### *i. Funding Sources*

The proposal will be entirely fee funded. There will be no requirement for federal funds or General Fund support.

New Fee structure:

FEE STRUCTURE	CURRENT	PROPOSED
FIRST ANIMAL FEE*	9	35*
CATTLE PER HEAD	1	1.00
HORSE PER HEAD	3	5
HORSE PER YEAR	25	35
HORSE LIFETIME	50	75

\*The proposed Inspection Fee will be a Travel Fee not a First Animal Fee.

The Brand Recording Fee will change from a four year renewal to three year renewal.

Cash Flow Analysis:

Please see Fiscal Schedule Attachment A.

#### *ii. Staffing Requirements*

The program will require the addition of five full-time employees and 30 part-time, intermittent employees, with position titles as follows.

- a. Livestock Inspector III (1 FTE)
- b. Livestock Inspector II (4 FTE)
- c. Livestock Inspector I (30 intermittent)

These positions will replace the contracted positions.



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Cat-01 - Salaries																	
Title	Grade	Step	Salary	Benefits (4)	Total	Benefits %	Emp Count	Part-Time Adjustment	Total Salary	Total Benefits	Grand Total	Cat-01	FY23	FY24	FY25	FY26	
Brand Inspector II	25	3	\$ 39,853	\$ 18,427	\$ 58,280	46.2%	4	100%	\$ 159,412	\$ 73,708	\$ 233,120	\$ 240,114	\$ 247,317	\$ 254,737	\$ 262,379		
Brand Inspector III	27	4	\$ 44,497	\$ 19,342	\$ 63,839	43.5%	1	100%	\$ 44,497	\$ 19,342	\$ 63,839	\$ 65,754	\$ 67,727	\$ 69,759	\$ 71,851		
Brand Inspector I (Intermittent) (2)	23	2	\$ 33,449	\$ 7,530	\$ 40,979	22.5%	30	16%	\$ 160,555	\$ 36,142	\$ 196,697	\$ 202,598	\$ 208,676	\$ 214,936	\$ 221,384		
							35		\$ 364,464	\$ 129,192	\$ 493,656	\$ 508,466	\$ 523,720	\$ 539,431	\$ 555,614		

(1) Benefits calculated for intermittent positions are reduced to remove group insurance. Intermittent positions will not work more than 20 hours per week.

### iii. Associated Operating Costs Including Information Technology

#### In-State Travel – Category 03

Brand Inspectors will incur in-state travel in rural, and sometimes remote areas of Nevada. It is assumed that the five full-time Agricultural Inspectors will undertake 25% of the travel, using Fleet Services vehicles, while the part-time, intermittent inspectors will travel the remaining 75% using personal vehicles. The mileage reimbursement and per diem estimated costs will be paid following current federal guidelines. These amounts have been carried forward from FY 2022 into FY 2026 without change, for purposes of this analysis.

Position	Percent of Total	Number of Inspections	Mileage Reimbursmt	Per Diem
Agricultural Inspector III (FTE)	5.0%	707	0	\$ 459
Agricultural Inspector II (FTE)	20.0%	2,827	0	\$ 1,838
Agricultural Inspector I (P/T)	75.0%	10,603	\$ 88,315	\$ 6,892
<b>Total</b>	<b>100.0%</b>	<b>14,137</b>	<b>\$ 88,315</b>	<b>\$ 9,189</b>

#### Vehicles – Category 03

Fleet Services vehicles will be assigned to the five full-time Brand Inspector positions. Vehicle costs are based upon the current Fleet Services Division monthly “Specialty Vehicle” rate for a three-quarter ton, standard cab short-bed pickup with four-wheel drive. The current monthly Fleet Services rate for this vehicle classification is \$496.50. Vehicle replacement will follow the standard State schedule. The annual cost is shown in the table below and is projected at the same rate and annual cost through FY 2026.

Catg	License	Vehicle Type	Description	Months	Cost	Rate *
03	NEW	PREMIUM	4X4 PKP 3/4 TON DIES	12	\$ 5,958.00	\$ 496.50
03	NEW	PREMIUM	4X4 PKP 3/4 TON DIES	12	\$ 5,958.00	\$ 496.50
03	NEW	PREMIUM	4X4 PKP 3/4 TON DIES	12	\$ 5,958.00	\$ 496.50
03	NEW	PREMIUM	4X4 PKP 3/4 TON DIES	12	\$ 5,958.00	\$ 496.50
03	NEW	PREMIUM	4X4 PKP 3/4 TON DIES	12	\$ 5,958.00	\$ 496.50
				<b>Total</b>	<b>\$ 29,790.00</b>	

#### Operating Costs – Category 04

Operating supplies are projected to be an overall decrease from the current year, due primarily to the cessation of the Manpower temporary staffing contract, which was \$337,887 in FY 2019 and is projected to be \$369,000 in FY 2020. However, offsetting these savings will be increases in

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certain costs due to the increase in state employees and leased state vehicles. For purposes of this analysis, operating costs are straight-lined from FY22-FY26. These projections can be found in Category 04 Operating Costs Attachment B.

#### Equipment – Category 05

Tablets and peripherals - all inspector staff will be assigned Microsoft SurfacePro tablets and a portable printer to permit data entry of inspections, acceptance of payments, and printing of transaction receipts while in the field. This equipment will be replaced every four years, per EITS recommended replacement schedule.

Supplies – cost projections for printer supplies and other necessary consumable items relating to computer equipment are included within the operating supplies account, GL 7020, within Category 04.

Vehicle Equipment – there will be a one-time expenditure to supply NDA decals and GPS units to each of the vehicles leased from Fleet Services.

Category 05 - Equipment	Count	Unit Cost	FY 22	FY23	FY24	FY25	FY26
Microsoft SurfacePro	35	\$ 1,892	\$ 66,220	0	\$ -	0	\$ 66,220
Printer	35	\$ 120	\$ 4,200	35	\$ 35	35	\$ 4,200
NDA decals (for agency owned and fleet services vehicles)	5	\$ 25	\$ 125	0	0	0	0
GPS units (for agency owned and fleet services vehicles)	5	\$ 100	\$ 500	0	0	0	0
<b>Total</b>			\$ 71,045	\$ 35	\$ 35	\$ 35	\$ 70,420

#### Uniforms – Category 29

Brand Inspectors will be provided an NDA uniform consisting of one lightweight jacket, one winter jacket, five each summer and winter shirts, all with the NDA logo. Initial cost of this uniform package is \$374.80, with a package replacement cost of \$174.80. Uniforms are projected to be replaced every two years due to wear and tear. In addition, initial annual projection for turnover of staff is 15% (5.25 employees), which will require the purchase of a new uniform package for new staff as they are hired. Actual costs may be subject to change in future years.

FY22	FY22 Units	Cost	Total Cost FY22	FY23-FY26	Units	Total Cost FY23	Total Cost FY24	Total Cost FY25	Total Cost FY26
New (100%)	35	\$ 374.80	\$ 13,118	New (15%)	5.25	\$ 1,968	\$ 1,968	\$ 1,968	\$ 1,968
Repl (0%)	0	\$ 174.80		Repl (85%)	29.75	\$ 5,200	\$ 5,200	\$ 5,200	\$ 5,200
	<b>Totals</b>		<b>\$ 13,118</b>			<b>\$ 7,168</b>	<b>\$ 7,168</b>	<b>\$ 7,168</b>	<b>\$ 7,168</b>

#### Information Services – Category 26

Phone Line and Voicemail – the standard monthly EITS charge will apply for telephone lines and voicemail. This will increase following the increase in staff in year 1 of this projection. For purposes of this analysis, the annual cost is projected to remain the same each year from FY 2022 through FY 2026 inclusive, but EITS rates may be subject to change during future budget cycles.

Business Productivity Suite (Microsoft Office 365) – the standard monthly EITS charge will apply for annual license renewal for the Microsoft Office 365 business productivity suite. For purposes of this analysis, the annual cost is projected to remain the same each year from FY

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2022 through FY 2026 inclusive, but EITS rates may be subject to change during future budget cycles.

Costs of per-user information services charges are shown in the table below:

CATEGORY 26 - EITS Service Charges	GL	Unit of Measure	Quantity	Rate	FY22	FY23	FY24	FY25	FY26
PHONE LINE AND VOICEMAIL	7289	PER LINE / PER MONTH	468	\$ 11.65	\$ 5,452	\$ 5,452	\$ 5,452	\$ 5,452	\$ 5,452
BUSINESS PRODUCTIVITY SUITE	7547	PER LICENSE / PER MONTH	492	\$ 41.76	\$ 20,546	\$ 20,546	\$ 20,546	\$ 20,546	\$ 20,546
EITS SECURITY ASSESSMENT	7556	PER FTE (PAYROLL ASSESSMT)	456	\$ 9.69	\$ 4,419	\$ 4,419	\$ 4,419	\$ 4,419	\$ 4,419
EITS INFRASTRUCTURE ASSESSMENT	7554	PER FTE (PAYROLL ASSESSMT)	456	\$ 17.64	\$ 8,044	\$ 8,044	\$ 8,044	\$ 8,044	\$ 8,044
TOTALS				Total	\$ 38,461	\$ 38,461	\$ 38,461	\$ 38,461	\$ 38,461

Online Field Service Scheduling System – To better utilize brand inspector time and efficiency, this proposal requests the purchase of a dispatching software user licensing from Synchroteam. User licenses will be required for each full-time and part-time Brand Inspector position at a monthly rate of \$22.00. Total annual cost projected at \$9,240 (35 licenses x 12 months x \$22).

Digital Brand Inspection Program – FaSt Auction Software has been identified as a potential provider to replace the current paper system of tracking livestock inspections during public livestock auctions. Expense will encompass a one-time purchase of the software package, a dedicated computer, and portable WiFi hotspot. Monthly costs will include FaSt software service and support, and WiFi hotspot fees.

FaSt Auction Software	FY22	FY23	FY24	FY25	FY26
Software package	\$ 17,295				
Annual renewal & support	\$ 8,215	\$ 8,215	\$ 8,215	\$ 8,215	\$ 8,215
Dell Laptop PC, dock, case	\$ 1,631				
Verizon Jetpack MiFi 8800L	\$ 199				
Verizon Jetpack MiFi 8800L Monthly Service	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720
Total	\$ 28,060	\$ 8,935	\$ 8,935	\$ 8,935	\$ 8,935

*iv. Major Purchases/Capital Considerations*

There are no major purchases or capital considerations with this proposal.

*v. Training Requirements*

There will be no specialized training for these positions. All training will be handled internally on a semi-annual basis after initial job training.

D. Performance Indicators

The division’s current performance measurements are below, although the history of how tracking was accomplished for these measurements is unknown prior to the integration of the Ewell electronic brands program which is now utilized. FY19 was the first full year of electronic data.

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#### Current Performance measure 1:

Percentage of successfully completed brand inspections

FY2015	FY2016	FY2017	FY2018
98%	99.52%	96%	96%

Number of brand inspections performed without error

FY2015	FY2016	FY2017	FY2018
10,143	10,350	12,167	14,008

Total number of brand inspections

FY2015	FY2016	FY2017	FY2018
10,350	10,400	12,674	14,592

#### Current Performance measure 2:

Percentage of random livestock inspections in compliance

FY2015	FY2016	FY2017	FY2018
95.09%	93.64%	93.09%	93.34%

Number of sites that passed random inspection

FY2015	FY2016	FY2017	FY2018
523	515	256	600

Total number of rand inspections performed

FY2015	FY2016	FY2017	FY2018
550	550	275	636

The proposed plan will allow for achievement of the new performance measures, describe below primarily due to the proposal of full-time employees, procurement and implementation of an online dispatch program and public livestock auction software, and regular programs status updates and budget tracking. These, along with the support of intermittent inspectors, well-defined expectations and clear policies and procedures will ensure a sustainable program. The new performance measures would be used to track the growth of the industry (total number of brand inspections performed) versus the quality of inspection provided by the employee. The division will not be able to meet these performance targets without the proposed staffing and equipment requests.

#### Proposed Performance measure 1:

Annual Percentage of Accurately Completed Brand Inspections

FY2022	FY2023	FY2024	FY2025
--------	--------	--------	--------

Number of brand inspections performed without error:

FY2022	FY2023	FY2024	FY2025
--------	--------	--------	--------

Total number of brand inspections:

FY2022	FY2023	FY2024	FY2025
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### E. Plan of Action Should Funding Requirements Not be Met

## **Rebuilding the Livestock Inspection Program**

### **Animal Industry Division**

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If funding requirements are not met under the proposed changes in the business plan, then the result would be reduced services to the industry. Because the Livestock Inspection Program is 100% fee based, a reduction in the collection of fees would result in a reduced ability for the NDA to fund Inspector I positions.

At that time, the NDA would develop a new proposal. A new proposal would be a quicker and easier process as we will have more years of data and can predict trends based on the software purchased through this proposal.

Without the tools and planning outlined in this proposal, the Livestock Inspection Program will remain status quo and the NDA will continue to react to industry changes and needs rather than proactively working to adjust programs to meet the needs of both the industry and regulatory requirements.

### **III. Livestock Industry Analysis**

The Nevada Cattle industry is one of Nevada's oldest industries with some ranching operations dating from earlier than 1861. In total Nevada ranches and dairies manage over 476,858 cattle. The primary component of Nevada's Cattle industry has historically been beef cattle operations fluctuating between 1,230-1,508 operations. These operations manage over 248,515 cows and calves. The industry contributes over \$338.5 million to Nevada's economy annually. Roughly 80% of Nevada's cattle sales are domestic with the remaining 20% of revenue being generated from global markets. Our cattle industry is part of complex system that provides a secure domestic food source while being a primary economic engine for our rural economies.

Nevada's beef cattle herd has decreased by 23% since 1974. This is due to narrow business margins, industry challenges, and increased cattle industry efficiency. Since the early 2000s the industry has remained relatively stable with some moderate growth and contraction cycles influenced by the 2008 economic downturn and drought conditions. Nevada's cattle industry is currently facing challenges due to COVID-19. The industry is experiencing depressed sales prices and increased feed costs narrowing already tight profit margins. These challenges are due to backlogs in national meat processing. While these challenges present immediate concern, Nevada's cattle industry will continue to be an integral and resilient part of Nevada's Agriculture sector. It is projected that the Nevada cattle industry will remain stable with continued economic stability and growth opportunities into the mid 2020's.



# Rebuilding the Livestock Inspection Program

## Animal Industry Division



### IV. Fiscal Schedule – Attachment A

Category RGL	Description	FY 2019 Actuals	Net Adjustments of BA 4546 Proposal	FY 22 Projection	FY 23 Projection	FY 24 Projection	FY 25 Projection	FY 26 Projection
00	REVENUE							
2510	REVERSIONS	(199,856)						
2511	BEGINNING CASH	206,259		\$309,876	291,427	687,184	726,630	745,989
3319	LIVESTOCK ASSESSMENT TAX	218,120		218,120	218,120	218,120	218,120	218,120
3612	DEALERS LICENSES	7,895		7,895	7,895	7,895	7,895	7,895
3613	PUB AUCTION LICENSES/PERMITS	1,050		1,050	1,050	1,050	1,050	1,050
3716	LIVESTOCK INSPECTIONS FEES	594,793	503,874	1,098,667	1,098,667	1,098,667	1,098,667	1,098,667
3745	BRAND RECORDING FEES	25,483		25,483	25,483	25,483	25,483	25,483
3746	BRAND TRANSFER FEES	5,310		5,310	5,310	5,310	5,310	5,310
3747	RERECORDING FEES				336,810			336,810
3804	LABORATORY CHARGES	293,521		293,521	293,521	293,521	293,521	293,521
4027	PUBLICATION SALES	1,096		1,096	1,096	1,096	1,096	1,096
4252	EXCESS PROPERTY SALES							
4260	ESTRAY SALES AGRICULTURE							
4326	TREASURER'S INTEREST DISTRIB	4,023		4,023	4,023	4,023	4,023	4,023
4738	TRANS FROM BEEF COUNCIL	24,000		24,000	24,000	24,000	24,000	24,000
	<b>TOTAL REVENUE:</b>	<b>\$1,181,694</b>	<b>\$503,874</b>	<b>\$1,989,041</b>	<b>2,307,402</b>	<b>2,366,349</b>	<b>2,405,795</b>	<b>2,761,964</b>
	<b>EXPENDITURES</b>							
01	PERSONNEL	137,473	493,656	631,130	650,063	669,565	689,652	710,342
03	IN STATE TRAVEL	4,135	127,294	131,429	131,429	131,429	131,429	131,429
04	OPERATING	474,282	(239,614)	234,668	234,668	234,668	234,668	234,668
05	EQUIPMENT	620	70,425	71,045				70,420
10	TRANSFER TO ELKO COUNTY	33,410		33,410	33,410	33,410	33,410	33,410
13	TRANSFER TO BA 4557	125,138		125,138	125,138	125,138	125,138	125,138
14	LABORATORY SUPPLIES	116,139		116,139	116,139	116,139	116,139	116,139
23	AGRI ENFORCEMENT UNIT	51,309		51,309	51,309	51,309	51,309	51,309
26	INFORMATION SERVICES	24,719	51,041	75,761	56,636	56,636	56,636	56,636
29	UNIFORMS	211	13,118	13,329	7,168	7,168	7,168	7,168
81	TRANSFER TO NHP DISPATCH COST	107		107	107	107	107	107
82	TRANSFER TO AG ADMINISTRATION	128,389		128,389	128,389	128,389	128,389	128,389
83	NDOT 800 MHZ RADIO COST ALLOCATIO	10,500		10,500	10,500	10,500	10,500	10,500
84	TRANSFER TO VET MED	21,503		21,503	21,503	21,503	21,503	21,503
86	RESERVE BALANCE FORWARD							
87	PURCHASING ASSESSMENT	1,505		1,505	1,505	1,505	1,505	1,505
88	STATEWIDE COST ALLOCATION	52,253		52,253	52,253	52,253	52,253	52,253
	<b>TOTAL EXPENDITURES:</b>	<b>\$ 1,181,694</b>	<b>\$ 515,920</b>	<b>\$ 1,697,614</b>	<b>\$ 1,620,217</b>	<b>\$ 1,633,719</b>	<b>\$ 1,659,806</b>	<b>\$ 1,750,916</b>
	<b>REALIZED FUNDING AVAILABLE</b>	<b>\$ 0</b>	<b>(\$12,046)</b>	<b>\$291,427</b>	<b>\$ 687,184</b>	<b>\$ 726,630</b>	<b>\$ 745,989</b>	<b>\$ 1,011,048</b>

405 South 21st St.  
Sparks, NV 89431

2300 East St. Louis Ave.  
Las Vegas, NV 89104

4780 East Idaho St.  
Elko, NV 89801

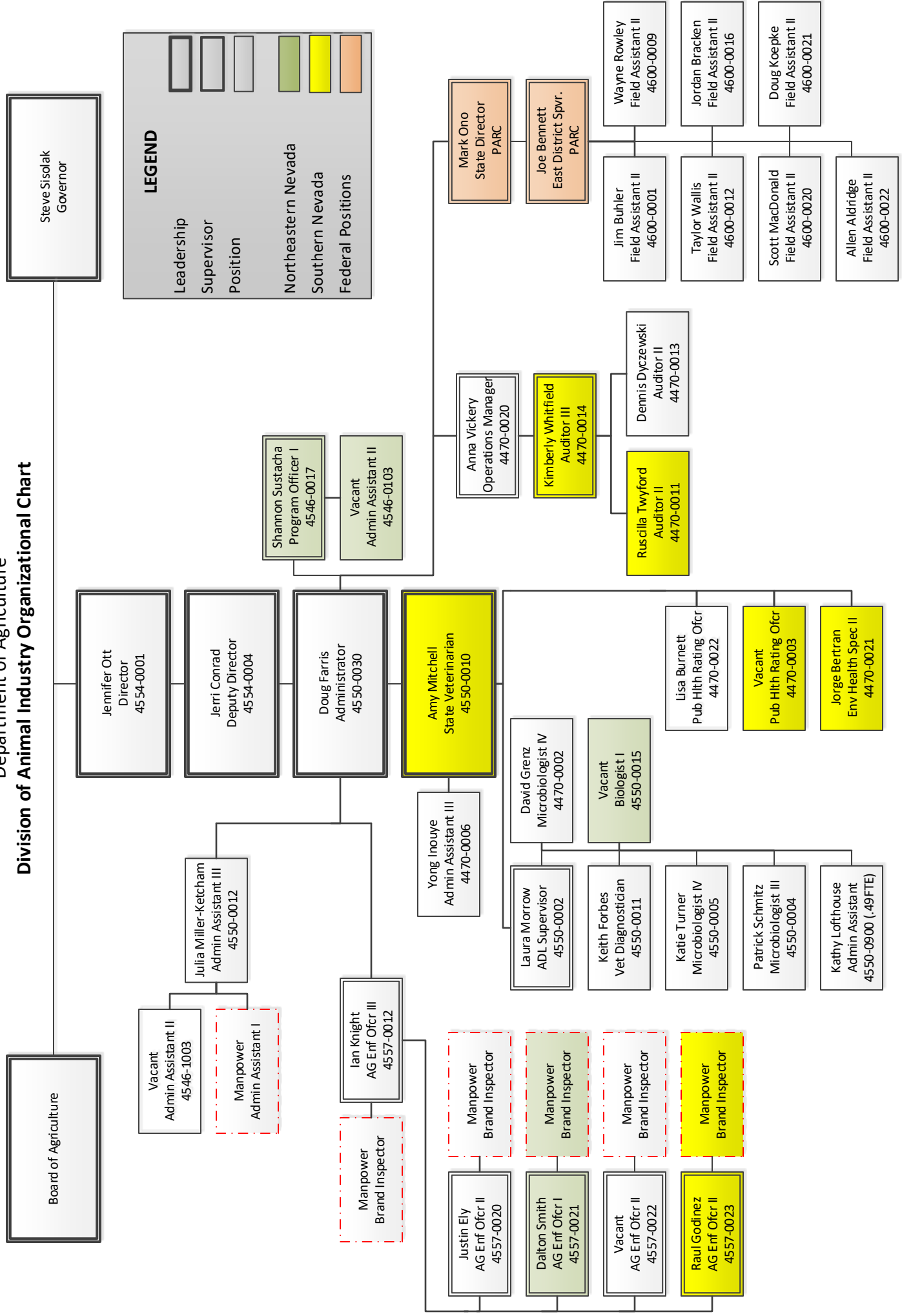
**Rebuilding the Livestock Inspection Program**  
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**V. Category 04 Operating Costs – Attachment B**

Category 04 - Operating Costs					
Category	GL	Description	FY 2019 Actuals	Incremental Adjustments	New 4546 Budget FY22-FY26
04	7020	OPERATING SUPPLIES	5,809	5,809	11,618
04	7030	FREIGHT CHARGES	15	-	15
04	7040	NON-STATE PRINTING SERVICES	1,908	-	1,908
04	7045	STATE PRINTING CHARGES	640	640	1,279
04	7046	QUICK PRINT JOBS - CARSON CITY	-	-	-
04	7050	EMPLOYEE BOND INSURANCE	1,420	17,984	19,404
04	7052	VEHICLE COMP & COLLISION INS	-	-	-
04	7054	AG TORT CLAIM ASSESSMENT	291	291	582
04	7059	AG VEHICLE LIABILITY INSURANCE	1,992	906	2,898
04	7060	CONTRACTS	38,264	-	38,264
04	7061	CONTRACTS - A	337,887	(337,887)	-
04	7080	LEGAL AND COURT	-	-	-
04	7090	EQUIPMENT REPAIR	-	5,000	5,000
04	7120	ADVERTISING & PUBLIC RELATIONS	-	-	-
04	7136	GARBAGE DISPOSAL UTILITIES	1,463	-	1,463
04	7140	MAINTENANCE OF BLDGS AND GRDS	2,217	-	2,217
04	7145	MAINTENANCE OF BLDGS AND GRDS-E	-	-	-
04	7151	OUTSIDE MAINTENANCE OF VEHICLE	7,280	3,309	10,589
04	7152	DIESEL FUEL	-	-	-
04	7153	GASOLINE	8,109	3,686	11,795
04	7176	PROTECTIVE GEAR	-	2,264	2,264
04	7260	TAXES AND ASSESSMENTS	-	-	-
04	7280	OUTSIDE POSTAGE	3,664	1,488	5,152
04	7285	POSTAGE - STATE MAILROOM	494	3,345	3,839
04	7286	MAIL STOP-STATE MAILROOM	49	23	72
04	7289	EITS PHONE LINE AND VOICEMAIL	-	378	378
04	7290	PHONE, FAX, COMMUNICATION LINE	9,904	9,904	19,808
04	7291	CELL PHONE/PAGER CHARGES	43,281	43,281	86,561
04	7296	EITS LONG DISTANCE CHARGES	-	-	-
04	7299	TELEPHONE & DATA WIRING	-	-	-
04	7301	MEMBERSHIP DUES	100	-	100
04	7302	REGISTRATION FEES	545	-	545
04	7320	INSTRUCTIONAL SUPPLIES	409	-	409
04	7340	INSPECTIONS & CERTIFICATIONS	-	-	-
04	7370	PUBLICATIONS AND PERIODICALS	-	-	-
04	7390	CREDIT CARD DISCOUNT FEES	2,568	4,291	6,859
04	7430	PROFESSIONAL SERVICES	-	-	-
04	7432	PROFESSIONAL SERVICES-B	-	-	-
04	7460	EQUIPMENT PURCHASES < \$1,000	20	-	20
04	7980	OPERATING LEASE PAYMENTS	1,628	-	1,628
04	9104	TRANS TO DEPT OF TRANSPORTATION	4,326	(4,326)	-
Sub Total Category 04: OPERATING EXPENSES			<b>474,282</b>	<b>(239,614)</b>	<b>234,668</b>

Department of Agriculture  
Division of Animal Industry Organizational Chart



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