

FINAL MINUTES
Milk Commission Meeting Held December 22, 2021

The meeting of the State Milk Commission (Board) convened at 1:35 p.m. on Wednesday, December 22, 2021. The meeting was held at the Virginia Department of Forestry located at 900 Natural Resources Drive #800, Charlottesville, VA 22903. Mr. Kerr called the meeting to order.

PRESENT:

Jimmy Kerr, Chairperson, Producer Representative
Kevin Craun, Producer Representative
Jessica Jones, Consumer Representative
Bruce Mayer, Consumer Representative

ABSENT:

Brian Linney, Processor Distributor Representative
Rodrigo Velasquez, Consumer Representative
Sandra Welsford, Consumer Representative

STAFF PRESENT:

Crafton Wilkes, Administrator

Mr. Kerr asked for a motion to accept the minutes from the previous meeting. Mr. Craun so moved and Dr. Jones seconded the motion. The Board approved the minutes unanimously.

APPROVE: Craun, Jones, Kerr, Mayer
OPPOSE: None

Mr. Wilkes updated the Board on fluid sales through November 2021. Reported sales are down compared to 2020, however 2021 sales are still up relative to 2017-2019, which should be a sign for optimism. Whole milk and 2% reduced fat milk continue to show upward trends.

Mr. Wilkes reviewed financial disclosure requirements for public board members and reminded attending members that they should expect to receive information regarding filing in early January. He then introduced the proposed electronic meeting policy to the Board for review. Dr. Jones motioned to adopt the policy as presented, effective December 22, 2021, and the motion was seconded by Mr. Craun. The Board voted to approve the motion.

APPROVE: Craun, Jones, Kerr, Mayer
OPPOSE: None

The Delivered Cost Percentage was reviewed before the board voted to approve the annual change. Mr. Wilkes discussed the percentages and how they are determined. With supplier changes in subsequent years, he believes that the Commission's calculations will account for approximately 87% of milk sold in regulated markets. Overall costs of production increased compared to the previous determination, but were slightly down in select areas relative to midyear of 2021. Resin, freight, and labor costs were all significant factors in the increased costs. The Board discussed the impact of the changes on unit price; the cost of convenience; and the inelasticity of milk price.

With no further discussion, Dr. Jones motioned to accept the updated Delivered Cost Percentages as presented, and Mr. Mayer seconded the motion. The motion to update the Delivered Cost Percentages, effective January 1, 2021, was approved unanimously by the Board.

APPROVE: Craun, Jones, Kerr, Mayer
OPPOSE: None

<u>Cases per Delivery</u>		<u>2021</u>	<u>Effective 2022</u>
0-13	Platform Cost x	1.5594 (55.94%)	1.5910 (59.10%)
14-99	Platform Cost x	1.2797 (27.97%)	1.2955 (29.55%)
100+	Platform Cost x	1.1512 (15.12%)	1.1598 (15.98%)

Mr. Kerr opened the floor to comments from board members and the public, but there were no additional comments.

The next Commission meeting is tentatively scheduled for 1:30 p.m. on Tuesday, February 1, 2022 to be held at the Department of Forestry in Charlottesville.



STATE MILK COMMISSION

Crafton O. Wilkes, Administrator

Announcement of Producer Class I Price at 3.5% Butterfat

December 2021

	OCT 2021	NOV 2021	DEC 2021
Eastern Market			
Established Price	\$8.46	\$8.46	\$8.46
Add Adjustment (per §2VAC15-20-81)	\$14.08	\$14.98	\$16.16
Eastern Market Class I Price (per cwt)	\$22.54	\$23.44	\$24.62
Eastern Market Skim Price (per cwt)	16.1130	17.1830	17.6530
Eastern Market Butterfat Price (per lb)	1.9966	1.9583	2.1684
Western Market			
Established Price	\$8.16	\$8.16	\$8.16
Add Adjustment (per §2VAC15-20-81)	\$14.18	\$15.08	\$16.26
Western Market Class I Price (per cwt)	\$22.34	\$23.24	\$24.42
Western Market Skim Price (per cwt)	15.9130	16.9830	17.4530
Western Market Butterfat Price (per lb)	1.9946	1.9563	2.1664
Southwestern Market			
Established Price	\$7.96	\$7.96	\$7.96
Add Adjustment (per §2VAC15-20-81)	\$13.88	\$14.78	\$15.97
Southwestern Market Class I Price (per cwt)	\$21.84	\$22.74	\$23.93
Southwestern Market Skim Price (per cwt)	15.4190	16.4890	16.9590
Southwestern Market Butterfat Price (per lb)	1.9897	1.9514	2.1615
Class II Price Announcement Date			
	NOV 3, 2021	DEC 1, 2021	JAN 5, 2022
Milk Commission Class II Price (per cwt)	\$17.08		
Milk Commission Class II Skim Price (per cwt)	\$10.6300	\$11.2300	\$12.2200
Milk Commission Class II Butterfat Price (per lb)	1.9484		
Milk Commission Bi-Monthly Composite Index			
	363.5	368.7	370.7
Milk Commission Assessment Rate (per cwt)			
	0.03950	0.03950	0.03950
Federal Order Base Class I Price (per cwt)			
	\$17.08	\$17.98	\$19.17

Price Change from November 2021

	Class I (cwt)	Skim (cwt)	Butterfat (lb)
Eastern Market	▲ \$1.19	▲ \$0.47	▲ \$0.2101
Western Market	▲ \$1.19	▲ \$0.47	▲ \$0.2101
Southwestern Market	▲ \$1.19	▲ \$0.47	▲ \$0.2101

Next Class I Announcement: Dec. 22, 2021

Next Class II Announcement: Dec. 1, 2021

Virginia Department of Agriculture and Consumer Services
State Milk Commission

Announcement of Producer Class I Price at 3.5% Butterfat

December 2021

Virginia State Milk Commission Skim and Butterfat Prices, 2021

Month	Eastern Market		Western Market		Southwestern Market		Bi-Monthly Index
	Skim per cwt	Butterfat per pound	Skim per cwt	Butterfat per pound	Skim per cwt	Butterfat per pound	
January	15.7050	1.6177	15.5050	1.6157	14.9965	1.6106	354.0
February	16.0515	1.6372	15.8515	1.6352	15.3445	1.6301	351.3
March	16.0355	1.4677	15.8355	1.4657	15.3280	1.4606	351.7
April	15.4155	1.7277	15.2155	1.7257	14.7080	1.7206	349.8
May	15.9755	2.0297	15.7755	2.0277	15.2680	2.0226	352.5
June	17.2365	2.0216	17.0365	2.0196	16.5340	2.0145	355.8
July	16.3930	2.0134	16.1930	2.0114	15.6975	2.0065	357.9
August	16.0430	1.9594	15.8430	1.9574	15.3475	1.9525	359.7
September	15.9040	1.9097	15.7040	1.9077	15.2090	1.9028	359.7
October	16.1130	1.9966	15.9130	1.9946	15.4190	1.9897	363.5
November	17.1830	1.9583	16.9830	1.9563	16.4890	1.9514	368.7
December	17.6530	2.1684	17.4530	2.1664	16.9590	2.1615	370.7
AVERAGE	16.3090	1.8756	16.1090	1.8736	15.6083	1.8686	357.9

Virginia State Milk Commission Skim and Butterfat Prices, 2020

Month	Eastern Market		Western Market		Southwestern Market		Bi-Monthly Index
	Skim per cwt	Butterfat per pound	Skim per cwt	Butterfat per pound	Skim per cwt	Butterfat per pound	
January	16.3840	2.2482	16.1840	2.2462	15.6795	2.2412	347.0
February	15.1340	2.1776	14.9340	2.1756	14.4295	2.1706	345.0
March	15.7515	2.0550	15.5515	2.0530	15.0500	2.0480	343.5
April	15.1215	1.9932	14.9215	1.9912	14.4200	1.9862	340.0
May	14.1535	1.3491	13.9535	1.3471	13.4545	1.3421	334.1
June	12.8115	1.3680	12.6115	1.3660	12.1145	1.3610	332.5
July	16.2290	1.8584	16.0290	1.8564	15.5230	1.8513	336.4
August	18.9670	2.0306	18.7670	2.0286	18.2600	2.0235	346.5
September	18.6655	1.7340	18.4655	1.7320	17.9615	1.7269	351.6
October	15.8520	1.6521	15.6520	1.6501	15.1510	1.6451	347.4
November	18.4550	1.6884	18.2550	1.6864	17.7465	1.6813	348.4
December	20.5550	1.6324	20.3550	1.6304	19.8465	1.6253	355.3
AVERAGE	16.5066	1.8156	16.3066	1.8136	15.8030	1.8085	344.0

Prevailing Market	Bristol	Charleston	Raleigh	Winston-Salem	Washington, DC
Over Order Premium	\$1.50	\$1.42	\$1.95	\$1.95	\$0.96

Next Class I Announcement: Dec. 22, 2021

Next Class II Announcement: Dec. 1, 2021



STATE MILK COMMISSION
Crafton O. Wilkes, Administrator

Announcement of Producer Class II Price at 3.5% Butterfat

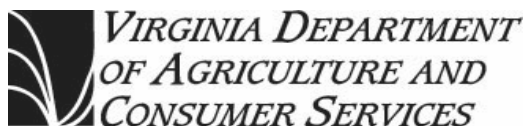
November 2021

	SEP 2021	OCT 2021	NOV 2021
State Milk Commission Class II Price (per cwt)	\$16.89	\$17.08	\$18.40
Class II Skim Price (per cwt)	10.4500	10.6300	11.2300
Class II Butterfat Price (per lb)	1.9458	1.9484	2.1611

November 2021 Highlights

-The Class II price for November increased over October by \$1.32 per cwt. The Class II Skim price increased by \$0.60 per cwt, and the Class II Butterfat price increased by \$0.21 per lb.

Next Announcement: Jan. 5, 2022



STATE MILK COMMISSION
Crafton Wilkes, Administrator

Milk Market Bulletin

November 2021

Class I Sales and Allocation

Market	Monthly Sales Comparison			Annual Sales Comparison		
	Nov '21	Nov '20	Change (%)	Nov '21	Nov '20	Change (%)
East	29,874,886	30,615,031	-2.42%	323,711,041	333,377,026	-2.90%
West	26,879,539	26,760,491	0.44%	285,331,348	293,514,823	-2.79%
Southwest	3,714,488	3,709,988	0.12%	39,586,726	41,913,303	-5.55%
TOTAL	60,468,913	61,085,510	-1.01%	648,629,115	668,805,153	-3.02%

Order	Base Assigned (000s pounds)	Class I Allocation (000s pounds)
Federal Order 1	20,885	15,694
Federal Order 5	38,403	31,273
Federal Order - Other	9,221	7,434
Virginia	389	310
TOTAL	68,898	54,711

Producer Information

Market	Producer Price (at 3.5% butterfat)				Baseholding Producers by State	
	Sep '21	Oct '21	Nov '21	Nov '20		
Class I - East	\$22.03	\$22.54	\$23.44	\$23.72	Maryland	24
Class I - West	\$21.83	\$22.34	\$23.24	\$23.52	Pennsylvania	89
Class I - Southwest	\$21.34	\$21.84	\$22.74	\$23.01	Virginia	298
Class II - All Markets	\$16.89	\$17.08	\$18.40	\$13.86		
Class II - Butterfat	\$1.9458	\$1.9484	\$2.1611	\$1.5623	Other States	7

Milk Production

	Milk Production				TOTAL	418
	Nov '21	Nov '20	Change	Change (%)		
VA Baseholders	80,190,968	78,983,918	1,207,050	1.53%		
VA Non-Baseholders	35,556,001	41,260,634	-5,704,633	-13.83%		
Out-of-State Baseholders	55,365,395	99,755,823	-44,390,428	-44.50%		
VA PRODUCTION TOTAL	115,746,969	120,244,552	-4,497,583	-3.74%		
BASE PRODUCTION TOTAL	135,556,363	178,739,741	-43,183,378	-24.16%		

Sales Information (all figures represent pounds sold)

Market	Whole	Red. Fat	Lowfat	Skim	Flavored		Buttermilk	Eggnog	Other ¹
					Whole	Lowfat			
East	10,822,454	9,949,300	3,076,728	1,653,387	284,184	1,569,846	412,958	754,205	1,351,826
West	10,143,048	8,766,338	2,323,640	1,411,412	417,336	2,133,203	339,550	517,679	827,332
Southwest	1,396,958	1,328,122	235,470	234,370	77,252	287,215	103,200	45,333	6,570
TOTAL	22,362,459	20,043,760	5,635,839	3,299,170	778,771	3,990,263	855,708	1,317,217	2,185,727

¹ Other category may include lactose-free, custards, or other specialty milk products designated as Class I.

**Virginia State Milk Commission
Delivery Cost per Case Analysis
2021 - Effective: Jan 1, 2022**

Summary	Year	Total Cases	Private Label	Net Cases	Distribution Expense	Dist. Exp. per Case	Variance (\$)	Variance (%)
	2020	5,285,438	2,998,259	2,287,179	\$4,125,038	\$1.803548	\$0.101996	5.6553%
	2021	7,380,453	5,065,768	2,314,686	\$4,410,737	\$1.905545		
	Cases per Delivery		2021 Delivery Percentage		2022 Delivery Percentage		Variance (\$)	Variance (%)
	0-13		55.94%		59.10%		0.0316	5.66%
	14-99		27.97%		29.55%		0.0158	5.66%
100+		15.12%		15.98%		0.0086	5.66%	

Eastern Market	Cases per Delivery	Product	Oct 21 Platform Cost	2021 Delivered Cost/Unit	2022 Delivered Cost/Unit	Variance (\$)
	0-13	HVD Gallon	\$2.627	\$4.096	\$4.180	\$0.083
		2% Gallon	\$2.425	\$3.782	\$3.859	\$0.077
		1% Gallon	\$2.250	\$3.508	\$3.579	\$0.071
		Skim Gallon	\$2.168	\$3.381	\$3.449	\$0.069
	14-99	HVD Gallon	\$2.627	\$3.362	\$3.403	\$0.042
		2% Gallon	\$2.425	\$3.104	\$3.142	\$0.038
		1% Gallon	\$2.250	\$2.879	\$2.914	\$0.036
		Skim Gallon	\$2.168	\$2.774	\$2.809	\$0.034
	100+	HVD Gallon	\$2.627	\$3.024	\$3.047	\$0.022
		2% Gallon	\$2.425	\$2.792	\$2.813	\$0.021
		1% Gallon	\$2.250	\$2.590	\$2.609	\$0.019
		Skim Gallon	\$2.168	\$2.496	\$2.514	\$0.019

Western Market	Cases per Delivery	Product	Oct 21 Platform Cost	2021 Delivered Cost/Unit	2022 Delivered Cost/Unit	Variance (\$)
	0-13	HVD Gallon	\$2.610	\$4.070	\$4.152	\$0.083
		2% Gallon	\$2.408	\$3.755	\$3.831	\$0.076
		1% Gallon	\$2.232	\$3.481	\$3.552	\$0.071
		Skim Gallon	\$2.151	\$3.354	\$3.422	\$0.068
	14-99	HVD Gallon	\$2.610	\$3.340	\$3.381	\$0.041
		2% Gallon	\$2.408	\$3.082	\$3.120	\$0.038
		1% Gallon	\$2.232	\$2.857	\$2.892	\$0.035
		Skim Gallon	\$2.151	\$2.752	\$2.786	\$0.034
	100+	HVD Gallon	\$2.610	\$3.004	\$3.027	\$0.022
		2% Gallon	\$2.408	\$2.772	\$2.793	\$0.021
		1% Gallon	\$2.232	\$2.570	\$2.589	\$0.019
		Skim Gallon	\$2.151	\$2.476	\$2.494	\$0.018

Southwestern Market	Cases per Delivery	Product	Oct 21 Platform Cost	2021 Delivered Cost/Unit	2022 Delivered Cost/Unit	Variance (\$)
	0-13	HVD Gallon	\$2.567	\$4.003	\$4.085	\$0.081
		2% Gallon	\$2.366	\$3.689	\$3.764	\$0.075
		1% Gallon	\$2.190	\$3.415	\$3.484	\$0.069
		Skim Gallon	\$2.108	\$3.287	\$3.354	\$0.067
	14-99	HVD Gallon	\$2.567	\$3.285	\$3.326	\$0.041
		2% Gallon	\$2.366	\$3.027	\$3.065	\$0.037
		1% Gallon	\$2.190	\$2.802	\$2.837	\$0.035
		Skim Gallon	\$2.108	\$2.698	\$2.731	\$0.033
	100+	HVD Gallon	\$2.567	\$2.956	\$2.977	\$0.022
		2% Gallon	\$2.366	\$2.723	\$2.744	\$0.020
		1% Gallon	\$2.190	\$2.521	\$2.540	\$0.019
		Skim Gallon	\$2.108	\$2.427	\$2.445	\$0.018

Virginia State Milk Commission
Base Assignment System
November 2021
CORRECTION 1105-06-07

	DFA SE	DFA NE	MDVA	CMPA	Land O'Lakes	Cumberland Valley	Mt. Joy	Lanco-Pennland	Independent Producers	Established Base Total
Established 9-month Base	27,256,069	400,633	22,313,914	15,277,333	361,984	257,104	121,889	3,118,294	556,650	69,663,870
Corrected 9-month Base	27,256,069	400,633	22,480,672	15,018,301	861,984	257,104	121,889	3,210,568	56,650	69,663,870

Order	Distributor	DFA SE	DFA NE	MDVA	CMPA	Land O'Lakes	Cumberland Valley	Mt. Joy	Lanco-Pennland	Independent Producers	Total Base Assignment
5	Borden Dairy KY			468,660							468,660
33	East Side Jersey Dairy	40,557									40,557
1	Cloverland Farms Dairy	17,113								56,027	73,140
1	Crowley Foods	797,645									797,645
1	Cumberland Dairy					20,677					20,677
5	Dairy Fresh	6,341,172									6,341,172
1	Dutch Valley Foods					290,683					290,683
5	Harris Teeter				2,910,478						2,910,478
5	Homestead Creamery			554,587							554,587
1	HP Hood	1,281,866		1,281,866		541,151					3,104,884
5	Land-O-Sun Spartanburg	1,946,968									1,946,968
1	Marva Maid Landover			8,348,072			254,279		1,250,000		9,852,351
5	Marva Maid Newport News	7,604,136		1,538,778	5,637,012				1,925,287		16,705,212
5	Mayfield	721,104									721,104
5	Milkco	1,816,974									1,816,974
33	Nestle	345,796									345,796
VA	Potomac Farms			389,055							389,055
7	Saputo - KY	220,612									220,612
1	Saputo - NY	246,134									246,134
33	Superior Dairy			1,664,837							1,664,837
1	Tuscan Lehigh Dairies	2,027,116	396,230					120,550			2,543,896
33	United Dairy	1,737,413			5,212,238						6,949,651
1	Upstate Niagara			571,842							571,842
1	Wawa Dairy			506,798							506,798
5	Westover Dairy			6,909,135							6,909,135
VA	White Wave Mt. Crawford				1,093,536	0					1,093,536
5	Winchester Farms	28,958									28,958
1	Dairy Maid	1,782,990									1,782,990
TOTAL		26,956,552	396,230	22,233,632	14,853,265	852,512	254,279	120,550	3,175,287	56,027	68,898,333

9-month Base Minus Total											(0)
---------------------------------	--	--	--	--	--	--	--	--	--	--	------------

Virginia State Milk Commission
Producer Base Transfers
For Commission Approval: December 22, 2021

Date Received	Effective Date	Cooperative	Action	Status	Transfer	Producer Name	License	9-Month	3-Month	Adjusted 9-Month	Adjusted 3-Month
November 9, 2021	November 16, 2021	MDVA	Total Transfer	CO	211109	Schrader Bruce M/Ann D	003777	117,240	110,206	0	0
November 9, 2021	November 16, 2021	MDVA	Issue	CO	211109	Jacob D and Mollie H Esh	005413	0	0	10,857	10,206
November 9, 2021	November 16, 2021	MDVA	Increase	CO	211109	Rhodeland Plantation LLC	004924	0	0	106,383	100,000
October 11, 2021	November 1, 2021	MDVA	Partial Transfer	CO	211104	Byron D Stambaugh	004227	162,296	152,558	49,853	46,862
October 11, 2021	November 1, 2021	MDVA	Increase	CO	211104	Bowman Richard/Chris	004713	74,468	70,000	111,949	105,232
October 11, 2021	November 1, 2021	MDVA	Increase	CO	211104	Roy B &/or S L Biesecker	002037	150,407	141,383	187,888	176,615
October 11, 2021	November 1, 2021	MDVA	Increase	CO	211104	Dar View Farms	003801	112,879	106,106	150,360	141,338

Virginia State Milk Commission
Base Assignment System
December 2021

Established 9-month Base	DFA SE	DFA NE	MDVA	CMPA	Land O'Lakes	Cumberland Valley	Mt. Joy	Lanco-Pennland	Independent Producers	Established Base Total
	27,256,069	400,633	22,480,672	15,018,301	861,984	257,104	121,889	3,210,568	56,650	69,663,870

Order	Distributor	DFA SE	DFA NE	MDVA	CMPA	Land O'Lakes	Cumberland Valley	Mt. Joy	Lanco-Pennland	Independent Producers	Total Base Assignment
5	Borden Dairy KY			395,984							395,984
33	East Side Jersey Dairy	37,439									37,439
1	Cloverland Farms Dairy	14,568								57,895	72,463
1	Crowley Foods	860,547									860,547
1	Cumberland Dairy					23,005					23,005
5	Dairy Fresh	5,967,440									5,967,440
1	Dutch Valley Foods					312,855					312,855
5	Maola High Point				3,912,290						3,912,290
5	Homestead Creamery			688,193							688,193
1	HP Hood	1,058,700		1,058,700		545,068					2,662,468
5	Land-O-Sun Spartanburg	1,582,427									1,582,427
1	Marva Maid Landover			9,526,362			262,755				9,789,116
5	Marva Maid Newport News	9,239,170		919,833	4,960,604				2,801,592		17,921,199
5	Mayfield	720,664									720,664
5	Milkco	1,873,843									1,873,843
33	Nestle	359,505									359,505
VA	Potomac Farms			379,059							379,059
7	Saputo - KY	222,838									222,838
1	Saputo - NY	233,275									233,275
33	Superior Dairy			1,748,663							1,748,663
1	Tuscan Lehigh Dairies	1,847,859	409,438					124,568			2,381,865
33	United Dairy	1,814,296			5,442,889						7,257,185
1	Upstate Niagara			618,326							618,326
1	Wawa Dairy								479,538		479,538
5	Westover Dairy			7,639,634							7,639,634
VA	White Wave Mt. Crawford				1,032,590	0					1,032,590
5	Winchester Farms	54,304									54,304
1	Dairy Maid	1,968,228									1,968,228
TOTAL		27,855,103	409,438	22,974,753	15,348,374	880,929	262,755	124,568	3,281,130	57,895	71,194,944

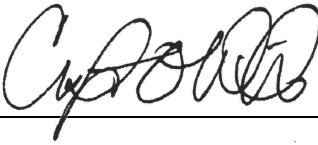
9-month Base Minus Total				(0)	0						(0)
---------------------------------	--	--	--	------------	----------	--	--	--	--	--	------------

**Virginia State Milk Commission
 Producer Base Transfers
 For Commission Approval: December 22, 2021**

Date Received	Effective Date	Cooperative	Action	Status	Transfer	Producer Name	License	9-Month	3-Month	Adjusted 9-Month	Adjusted 3-Month
November 23, 2021	December 1, 2021	MDVA	Total Transfer	UN	211202	Kenwood LLC	004007	244,606	229,930	0	0
November 23, 2021	December 1, 2021	MDVA	Issue	UN	211202	Elam and Susie King	005414	0	0	60,000	56,400
November 23, 2021	December 1, 2021	MDVA	Issue	UN	211202	John L and Nancy S Stoltzfus	005415	0	0	84,606	79,530
November 23, 2021	December 1, 2021	MDVA	Issue	UN	211202	Sylvan K and Annie G Fisher	005416	0	0	100,000	94,000
November 30, 2021	December 1, 2021	MDVA	Partial Transfer	UN	211203	Amos L or Sadie S Stoltzfus	005229	59,132	55,584	54,132	50,884
November 30, 2021	December 1, 2021	MDVA	Increase	UN	211203	Emanuel J King, Jr Or Lydia L King	005330	37,466	35,218	42,466	39,918
November 30, 2021	December 1, 2021	CMPA	Partial Transfer	CO	211204	Evergreen Ridge Dairy LLC	004717	534,853	502,762	519,853	488,662
November 30, 2021	December 1, 2021	CMPA	Increase	CO	211204	Steven A Sisson	001883	65,322	61,403	80,322	75,503

Respectfully submitted,

Mr. James Kerr
Chairman



Crafton Wilkes
Administrator