

MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT

Michigan Municipal League Capitol Office
First Floor Training Room
208 N. Capitol Avenue
Lansing, Michigan 48933

MEETING MINUTES FEBRUARY 15, 2012

PRESENT:

Don Coe, Chairperson, Michigan Commission of Agriculture and Rural Development
Velmar Green, Vice Chairperson, Michigan Commission of Agriculture and Rural Development
Diane Hanson, Michigan Commission of Agriculture and Rural Development
Bob Kennedy, Michigan Commission of Agriculture and Rural Development
Trevor Meachum, Michigan Commission of Agriculture and Rural Development
Keith Creagh, Director, Michigan Department of Agriculture and Rural Development

CALL TO ORDER AND ROLL CALL

Chairperson Coe called the meeting of the Commission of Agriculture and Rural Development to order at 9:03 a.m. on February 15, 2012. Commissioner Green called the roll with Commissioners Coe, Green, Hanson, Kennedy, and Meachum, and Director Creagh present.

APPROVAL OF AGENDA

MOTION: COMMISSIONER KENNEDY MOVED TO APPROVE THE MEETING AGENDA FOR FEBRUARY 15, 2012. SECONDED BY COMMISSIONER MEACHUM. MOTION CARRIED.

APPROVAL OF JANUARY 11, 2012, MEETING MINUTES

MOTION: COMMISSIONER GREEN MOVED TO APPROVE THE JANUARY 11, 2012, MEETING MINUTES. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.

REPORT FROM SENATOR STABENOW'S OFFICE: Kali Fox, Regional Manager, Mid-Michigan, U.S. Senator Debbie Stabenow

Ms. Fox reported the Super Committee created by the Bipartisan Agreement failed and the Senate Agriculture Committee is now under Regular Order for the Farm Bill. Senator Stabenow has announced four upcoming hearings on rural development, conservation, local food and health initiatives, and risk management and commodity title. The Senator is very focused on ensuring parts of the Bipartisan Agreement that pertained to Michigan agriculture are implemented, as well as ensuring the Farm Bill is reauthorized by September 30, 2012. The Senator released her State of Michigan Agriculture Report on January 9, which is available on her website.

In response to question from Commissioner Coe, Ms. Fox advised that although a Competition Title was proposed for the Farm Bill, there are no funds in the current budget climate to create a new title. Commissioner Coe mentioned the negative attacks on agriculture by the Food and Water Watch activist group are unfortunate. Ms. Fox reported they are a national non-profit organization and are targeting six other states as well. Commissioner Coe requested if groups with whom the Commissioners are involved are asked to sign petitions regarding a Competition Title or the GIPSA Rule, to please review the language very carefully before considering, as some aspects could be very harmful to agriculture or put specialty crops at risk.

Director Creagh reported that during the National Association of State Departments of Agriculture (NASDA) meeting last week: 1) directors expressed their appreciation for Senator Stabenow's open door policy; 2) directors are very supportive of the Specialty Crop Block Grant Programs and appreciate the Senator's leadership in that arena; 3) within the next few months, NASDA will issue a comprehensive, consensus opinion on agriculture labor; and 4) various certainty programs are gaining attention at the national level, including inquiries on how the Michigan Agriculture Environmental Assurance Program (MAEAP) was implemented. Ms. Fox advised the Senator has been using MAEAP as the poster child for those assurance projects. Director Creagh offered the department is willing to do whatever it can to help move that pathway forward.

Ms. Fox reported that due to the overwhelming comments the U.S. Department of Labor received on its parental exemption proposal regarding child labor on the farm, it has been rescinded, will be reviewed through a course of several meetings, and will be re-proposed. This is good news for 4-H, Future Farmers of America, Extension Services, and farming families across the state.

REVISED PROPOSED 2012 MEETING SCHEDULE AND NEXT SCHEDULED MEETING

Commissioners Kennedy and Hanson advised they will be out of state and unavailable for the March 14 meeting. Following discussion, the date for the March Commission meeting was changed to Tuesday, March 13, 2012.

Due to a modification in room availability, the meeting location for the April 11, 2012, meeting has been changed to Constitution Hall, 525 W. Allegan, Lansing.

MOTION: COMMISSIONER KENNEDY MOVED TO APPROVE THE REVISED PROPOSED 2012 MEETING SCHEDULE. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.

The next scheduled meeting will be held on March 13, 2012; a location will be established as soon as possible.

ELECTION OF OFFICERS

In response to question from Commissioner Green, it was confirmed that Executive Order 2009-54 stipulates that "a member of the Commission shall not be designated as Chairman for consecutive annual periods."

Commissioner Coe suggested the 2012 slate of officers for the Commission of Agriculture and Rural Development be Commissioner Green as Chairperson, Commissioner Kennedy as Vice Chairperson, and Commissioner Hanson as Secretary.

MOTION: COMMISSIONER COE MOVED TO APPROVE THE NEW OFFICERS OF COMMISSIONER GREEN AS CHAIRPERSON, COMMISSIONER KENNEDY AS VICE CHAIRPERSON, AND COMMISSIONER HANSON AS SECRETARY. SECONDED BY COMMISSIONER MEACHUM. MOTION CARRIED UNANIMOUSLY.

On behalf of the Commission, Commissioner Green thanked Commissioner Coe for all of his efforts during his tenure, particularly over the past year. His interactions with the agricultural community have been invaluable and the respect he has within the industry is well recognized.

COMMISSIONER COMMENTS AND TRAVEL

Commissioner Kennedy concurred with Commissioner Green's comments regarding Commissioner Coe and added his personal appreciation.

He complimented the department for their engagement regarding Michigan's new container law in helping to educate the industry. His company sponsored three grower meetings at which department staff very expertly clarified details around the confusing new law.

He recently attended a meeting with members from the Michigan Agri-Business Association (MABA) and the Departments of Agriculture and Rural Development (MDARD) and Environmental Quality (MDEQ) which displayed the commonality of their working together to address issues of the agriculture industry.

An early spring for agriculture is expected and some application work is already being completed. No projections have been made as yet, but things are beginning to move.

Commissioner Hanson also expressed appreciation to Commissioner Coe for the outstanding job he has done as Chair of the Commission.

Conditions remain very dry in the Upper Peninsula (UP). The wind farms beginning in the Garden Peninsula are expanding into the Cooks area.

Commissioner Coe thanked the Commission for the opportunity to serve as Chair over the last year.

On January 13, he met with Eleni Healey, a field organizer for Food and Water Watch and encouraged the organization to focus on positive action toward agriculture, rather than negatively attacking the industry.

He attended the Northwest Extension Council meeting on January 16. The Annual Orchard and Vineyard Show was held in Traverse City on January 24-25. On January 27, he participated in a meeting with Director Wyant and Representative Schmidt, which

focused on the Quality of Life (QOL) group, how well the various departments are working together, and how effective that strategy has been in moving agriculture interests forward.

He met with Senator Stabenow on January 28 in the morning, followed by the Small Farm Conference in Grayling that afternoon, which was attended by over 800 beginning and small farmers.

The League of Women Voters Grand Traverse Area issued a report on migrant labor which represents an excellent unbiased summary of the migrant labor issues and their affect on agriculture, local communities, and economic development. He will share the information with Commissioners and the department. It is an educational effort that will be a valuable tool in changing policy toward migrant labor.

On February 6, he attended a meeting of the Traverse City Heritage Council, which is beginning to organize a series of agricultural heritage tours in the northwest Michigan area. He encouraged that group to include agriculture heritage in their tour planning.

He hosted the February 10 meeting of the Michigan Equine Foundation, which the State Veterinarian attended. Progress is being made toward the issue of abandoned horses.

On February 13, he gave a presentation to his local Garden Club on the importance of agriculture. Of the 70 women present from that club, only two had any agriculture roots at all, even from an area where agriculture is relatively important. He encouraged Commissioners to share information about Michigan's agriculture industry whenever they have an opportunity.

Later today, he will be attending a meeting with the Michigan State University (MSU) working group focused on multi-species pasteurized raised animals. Friday is the Northwest Michigan Local Food Network Summit, at which Jane Whitacre, Director of the Michigan Food Policy Council, will be presenting.

Regarding the Feral Swine Invasive Species Order that will take effect April 15, 2012, he reiterated his original concern over the Michigan Department of Natural Resources (MDNR) taking jurisdiction over animals behind the fence on farms. This is not an area for which MDNR generally has had responsibilities and is a dangerous precedent. Because this is the time when those raising specialty breed pigs need to make seasonal decisions, with the potential of their being considered invasive on April 15, the rules need to be clarified quickly. He suggested a conference call between the Commission Chairs and Directors of MDNR and MDARD and himself to discuss an immediate communication to the farming community regarding raising specialty breeds, such as Mangalita pigs, that may fall under the Invasive Species Order. Commissioner Green noted the swine issue has been before the Commission during every meeting since he has been on the Commission.

Commissioner Meachum also thanked Commissioner Coe for his leadership. In addition to travel to the two Commission meetings, he also traveled to Lansing for an orientation session.

He attended the National Council of Agriculture Employers Annual meeting last week in Washington, D.C. From that organization, he shared an independent, third party research report on the pitfalls of the H-2A Program. The key message is E-Verify will most likely do nothing in 2012, and it will be a considerable challenge to establish E-Verify and a viable off-shore agriculture program simultaneously.

Yesterday, he attended the Michigan Agricultural Cooperative Marketing Association (MACMA) Apple Division meeting, during which they were informed Denise Donohue has resigned from the Apple Committee. Many industry aspects were discussed, including expansion projects that are incorporating robotics due to owners not being able to obtain a qualified workforce for their processing plants.

Commissioner Green advised he encouraged the Director to emphasize to the Governor's Office, the Public Service Commission, and other involved agencies, that success in rural economic development is dependent upon adequate high speed internet coverage. A recent news article reported that one of the largest Twitter users in the world is the President of Rwanda – yet, we are unable to have wireless coverage in many areas of Michigan. Even on his facility, just 30 miles north of Lansing, there is no cell phone coverage. We need to place more emphasis on the issue to attain better service in rural areas throughout the state for wireless applications.

In addition to travel previously mentioned, Commissioners Coe, Hanson, Kennedy, and Meachum traveled to attend today's meeting.

MOTION: COMMISSIONER HANSON MOVED TO APPROVE THE COMMISSIONERS' TRAVEL. SECONDED BY COMMISSIONER KENNEDY. MOTION CARRIED.

DIRECTOR'S REPORT

Director Creagh agreed with Commissioner Green that without broadband, we will not be successful in rural economic development. It is a multi-faceted issue involving resources, providers, location of towers, and applicable Legislation. Significant and substantive progress has been made. Those efforts will be summarized and the knowledgeable experts will present before the Commission in the near future.

On a recent visit to the UP, he met with Northern Michigan and Lake Superior State Universities to discuss rural development opportunities across the UP. Food and agriculture was discussed with the Escanaba Daily News and other meetings included Dennis West from Northern Initiatives and Charlie Becker from Plum Creek Timber Company. He also met with Dean and Bette Premo of White Water Associates, who provide drinking water laboratory services for businesses across the UP. They have resolved the potential closing of the Amasa Post Office and the negative impact on their business. Because of required time constraints, timely postal service is critical to their providing that service across the UP. The Regional Distribution Center in Iron Mountain is now also slated for closing and the area would be serviced by Green Bay, which would not allow White Water Associates to provide this service, which is critical to restaurants, health departments, and private individuals. This is an unintended

consequence of the Postal Service consolidation. MDARD will be working with our federal partners on that issue. He also toured Verso's Quinnesec Mill, which produces high-end glossy paper for national and international markets. More impressive is the combined power and heat they generate from that plant. He appreciated both the opportunity and hospitality received during his various UP visits.

During the Governor's State of the State address, he referenced implementation of what had been proposed the year before, with food and agriculture being part of that message. Shortly after, he announced his recommended budget. Recognizing the fundamental role agriculture plays in reinventing Michigan, the Governor recommended funding to fill some gaps in MDARD's programs. Amy Epkey will provide details during her report later in the meeting.

There is a federal discussion regarding wetland determinations. Through unintended consequences of providing Farm Bill requirements, it appears some Farm Bill inconsistency in the decision-making process may place some farmers at economic risk. A briefing for the Commission will be provided in the near future.

He also highlighted other numerous meetings he has attended since the last Commission meeting, as well as noting those planned in the near future. He met with Consumers Energy to discuss providing energy in rural locations. They expressed interest in being full partners in that effort.

MDARD will play a significant role in the severance tax effort and he recently met with the head of Kennecott Eagle Minerals. As required by statute, the state geologist recently established a true cash value which will be presented to the Tax Commission today. MDARD is very supportive of the mining industry and realizes fairness to local residents regarding tax and revenue sharing is essential, as well as long-term rural development economic strategies that will benefit the region as a whole.

In response to question from Commission Coe, Director Creagh advised there was a recent announcement between We Energies and Wolverine Power to explore opportunities for the Presque Isle power plant in Marquette, which is running at capacity. The Governor's energy lead, Valerie Brader, is well versed in this issue and she will be invited to give the Commission an energy policy update.

There is an effort to reconfigure Constitution Hall to more efficiently utilize space and potentially bring the Quality of Life group closer together in proximity. There are vacancies within the building that possibly would allow for MDNR staff to be relocated to the building. New industry standards and opportunities to upgrade work space are being considered as well.

There is continuing interest in forestry and the role MDARD will play in that effort. In the Governor's budget recommendation, there is \$500,000 to support technical assistance. The mills continue to advise that obtaining fiber from non-industrial private lands is an issue and the department is attempting to help that situation, as well as provide technical assistance without infringing on private industry.

In response to question from Commissioner Coe, the Director advised in both the Governor's Special Message on Health and Wellness and the State of the State address, the Governor referred to Pure Michigan Fit. MDARD and the Michigan Departments of Community Health and Human Services in conjunction with Gerber Products Company, the Michigan Grocers Association, and the Michigan Health and Hospital Association will pilot a nutrition education program called Pure Michigan Fit, which is aimed at providing parents and caregivers of babies, toddlers, and preschoolers with information they need to raise healthy children and tackle childhood obesity in our state. It is a collaborative, three-fold effort, working with the grocers and point of sale nutrition information, the Health and Hospital Associations, and the medical community and caregivers.

DIRECTOR'S TRAVEL

Director Creagh advised he will not be traveling to Washington, D.C. for the Michigan Agriculture Breakfast and has no other upcoming out-of-state travel.

PUBLIC COMMENT (AGENDA ITEMS ONLY)

There was no public comment relative to agenda items.

PURE MICHIGAN BRANDING: Linda Jones, Grape and Wine Program Manager

Ms. Jones reported Agriculture Development staff are collaborating with the Michigan Economic Development Corporation (MEDC) in the use of the Pure Michigan brand, including use for agriculture products and MDARD's communications. She and MDARD PIO, Jen Holton, have been meeting with MEDC over the past several years in that effort. Ms. Holton is coordinating use of the Pure Michigan logo with internal communications on the website and printed materials. Ms. Jones is assisting with establishing criteria for food and agriculture product labeling that allows food and agriculture producers to embrace the Pure Michigan logo. She and Ms. Holton also participate in the Interagency Collaboration Committee which is coordinating the effort among the various state agencies.

The goal of Pure Michigan with the agriculture industry is to provide the opportunity for public and private agriculture and food businesses and organizations to build awareness of the state's great variety and quality of local food products through the use of the Pure Michigan logo for qualified products and services.

Participation requirements include MEDC review of all submissions on a case-by-case basis to determine if the product or service is appropriate for use of the Pure Michigan logo and meets the established guidelines; the logo must be for use in connection with products or services that support the brand image; at least 50 percent of the cost of goods (dollar value) of the finished product identified with the logo has been sourced and/or added in Michigan; and brand standards developed by MEDC and McCann Erikson regarding colors, fonts, and other treatment of artwork are applied.

Other criteria for agriculture applicants require the organization to have an address in Michigan for tax purposes; no non-U.S. sourced ingredients (other than products such as coffee and cocoa that are not grown in the U.S.); and if ingredients are sourced outside the State of Michigan, the product must be processed in Michigan.

Companies that have been approved to date for use of the Pure Michigan logo include Michigan Apple Committee, Michigan Grape and Wine Industry Council, and Michigan Ag Council, all of whom are partners. Others include Michigan Christmas Tree Association, Hudsonville Ice Cream, Pioneer Sugar, St. Julian Wine Company, and Cherry Capital Foods.

The Michigan Apple Committee was the first commodity to form a partnership with MEDC to promote Michigan apples. A partnership involves an approved user of the logo taking the program to next level with a financial commitment, which provides access to Tim Allen narration for radio and television commercials, billboards, etc. The minimum entry point for a partnership has been \$30,000 and some partners in the tourism industry have contributed over \$500,000 in partnership programs.

Commissioner Coe noted Pure Michigan was established as a marketing vehicle and asked if MEDC understands the underlying sensitive issues. Ms. Jones reported they will continue to discuss that aspect with MEDC to ensure they fully understand the ramifications and where the links and messages belong within their system.

In response to question from Commissioner Coe, Director Creagh advised he participates with other agency directors in the Interagency Collaborative Council (ICC) where all projects are presented; Linda Jones and Jen Holton participate in the ICC Pure Michigan subcommittee; agriculture is represented on the MEDC Board through Dave Armstrong from GreenStone Farm Credit Services; there is excellent collaboration between MDARD and MEDC; MEDC through Pure Michigan reached out to ensure MDARD was comfortable with the standards; and the department will continue to work closely with MEDC.

Ms. Jones advised the Pure Michigan logo application is available on the MEDC website and efforts are underway to communicate to producers, grocers, and restaurant owners how they can engage with the brand. The Michigan Ag Council has been working with Travel Michigan to implement an Ag Council Pure Michigan campaign.

MICHIGAN AG COUNCIL: Laura Moser, President

Ms. Jones introduced Laura Moser, President of Michigan Ag Council. She reported the Ag Council was formed to create a greater awareness of the role agriculture plays in Michigan's communities, economy, and the overall impact to the state. The Council is represented by a cross-section of animal and crop agriculture producers and other agriculture industry interests. The Pure Michigan campaign offers a great avenue for the Ag Council's mission, offering very attractive dollar for dollar matches for advertising. Until they approached MEDC, logo use had been tourism driven. The Ag Council is paralleling MDARD in attempting to coordinate use of the logo by individual commodities. With MEDC's match of the Ag Council's \$100,000 investment, the \$200,000 media buy will launch in May and run through the summer with a focus on agriculture in action.

In response to question from Commissioner Green, Director Creagh advised the department is not currently a member of the Michigan Ag Council. Because it is not a

normal type of relationship and was not budgeted, it is difficult to justify the \$5,000-10,000 fee for Ag Council membership. The department will support the Ag Council's effort and assist with the messages. He complimented the Ag Council for their great efforts in attempting to fashion common messages that will benefit multiple agriculture commodities and thanked Ms. Moser for her leadership.

REPRESENTATIVE DALEY

Commissioner Green recognized Representative Daley who had joined today's meeting. Representative Daley advised he was taking the opportunity to participate in part of the meeting today, noting it is important to hear some of the interaction that takes place.

FOOD HUBS – OVERVIEW OF MICHIGAN DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT EFFORTS: Jane Whitacre, Director, Michigan Food Policy Council, and Jeanne Hausler, Food and Dairy Communications

Ms. Hausler advised Ms. Whitacre will give an overview of the department's Michigan food hub collaborative effort and today, the Commission will receive presentations from individuals who are actually in the food hub business in Michigan.

Ms. Whitacre reported that although the food hub concept is relatively new, the department has taken an assertive, comprehensive look at the opportunity to transform Michigan's economic capacity around food at the local level. There are multiple opportunities to increase the capacity to sell more locally grown food to people in Michigan and boost the agriculture industry.

She explained a food hub is a business cluster or organization structure that actively manages the aggregation, distribution, and marketing of source-identified local and regional food products primarily from small to mid-sized producers to wholesalers, retailers, and/or institutional buyers. Regional food hubs help fill a market niche not adequately addressed by the current distribution system and can support those businesses and encourage smaller farmers to scale up their operations.

In response to question from Commissioner Coe, Director Creagh advised the Governor recommended \$1 million in the budget to conduct Requests for Proposals to areas across the state to help build capacity around food hubs. Ms. Hausler explained the food hub collaborative is bringing current regional food systems and food hub efforts together to review best practices, share information, and potentially establish a pilot program to determine how best to move forward in a sustainable way to ensure food hubs improve aggregation and distribution of local foods into the marketplace.

Commissioner Coe reported he met with a group of students from MSU who are developing templates for food hubs. Ms. Hausler advised it is a grant program through the C.S. Mott Group and Northwest Michigan Council of Governments. They are developing a tool kit for planning and implementation of a food hub and the Director signed a letter of support to ensure synergism between the efforts.

Commissioner Coe advised the Director has convened a Food Hub meeting on March 8 in Lansing. Immediately prior to that, the Northwest Michigan Food Hub is hosting a

two-day planning session and he invited Ms. Whitacre and Ms. Hausler to participate in that meeting.

FOOD HUB EXPERIENCES: Rich Pirog, Senior Associate Director, C.S. Mott Group for Sustainable Food Systems, MSU Department of Community, Agriculture, Recreation, and Resource Studies; Jane Bush, Washtenaw Food Hub; and Dan Carmody, President, Detroit Eastern Market

Mr. Priog reported he is Senior Associate Director for what within the next week or so will become the MSU Center for Regional Food Systems. Prior to coming to Michigan, he completed considerable work in the area of local and regional foods in Iowa. Food hubs offer substantial opportunity for economic, rural, and urban development, as well as food security.

In terms of food security and to meet dietary guidelines, crop acreage for fruit and vegetables needs to increase in this country – by 4.1 and 8.9 million acres respectively on a national level. Michigan will continue to provide leadership in that effort.

The Michigan Good Food Charter goals work toward not only improving food security, but increasing the profitability of Michigan farmers through new markets and improved access. The six goals lay the groundwork toward which the Center, MDARD, and many other agencies are working for the remainder of this decade.

The defining characteristics of a regional food hub include 1) carrying out the aggregation, distribution, and marketing of locally/regionally produced product from multiple producers to multiple markets; 2) buying from small to mid-sized local producers; 3) utilizing one or more product differentiation strategies to ensure producers receive a good price; 4) working closely with producers to ensure they can meet buyer requirements; and 5) focusing on financial viability and positive economic, social, and environmental impacts. It is scale neutral, but when attempting to move from the direct markets to the larger volume markets, the direct marketers do not have the capacity and need to aggregate supply.

A typical food hub design begins with farms funneling into an aggregation point/food hub. Products are then distributed to regional end-buyers, regional processors, and regional distributors, as well as to the local markets, local distributors, and local processors. Those individual farms that aggregate may also sell to direct markets.

The working definition of a food hub currently being used by USDA still comes down to a business management structure that facilitates distribution, storage, processing, and marketing. In order for food hubs to be successful, they must be supported by a business cluster of input supplier businesses, financiers, university and community college research and education opportunities, technical assistance from state agencies, and support from state marketing and commodity organizations. Using a business cluster network, or community of practice framework, we can build a learning network. A network of long-term, sustainable food hubs can help the state reach its health and wellness goals by increasing the consumption of fresh fruits and vegetables; create new jobs in farming, food processing, and other agri-business endeavors; and provide

nutrition education, job training, and business development opportunities for Michigan residents.

The type of network available through the Michigan Food Hub Community of Practice can provide work in a pre-competitive space, build trust and collaboration, build business capacity, provide a “co-opetition” model, build financial capacity, and accelerate innovation through co-learning. The idea behind this Community of Practice and MSU’s new Center for Regional Food Systems, who hopes to continue to collaborate with MDARD as they move forward, is to gain economic, social, and environmental benefits and achieve them faster.

Another advantage we have in Michigan is through he and another individual working in the food hub area, there is representation on the National Food Hub Collaboration with U.S. Department of Agriculture AMS (Agriculture Marketing Service) and the Wallace Center for Sustainable Agriculture. Resources are available nationally and a team established to better coordinate food hub activity across the U.S. is allowing us to learn from food hubs in other parts of the country and bring that innovation to Michigan.

Director Creagh mentioned that what Mr. Pirog is accomplishing at the university will assist MDARD with data, capacity building, and sharing communities of practices efforts. In the department’s budget, those resources are more focused on building individual food hubs and developing on-the-ground capacity.

In response to question from Commissioner Coe, the Director advised the department’s leads in the food hub effort are Ms. Whitacre and Ms. Hausler and inquiries from the outside could be directed to Ms. Hausler. The hope is to obtain additional resources dedicated to this and related efforts within the department.

ADJOURN AND RECONVENE

Chairperson Coe adjourned the meeting at 10:30 a.m. for a brief break. He reconvened the meeting at 10:46 a.m.

FOOD HUB EXPERIENCES: Rich Pirog, Senior Associate Director, C.S. Mott Group for Sustainable Food Systems, MSU Department of Community, Agriculture, Recreation, and Resource Studies; Jane Bush, Washtenaw Food Hub; and Dan Carmody, President, Detroit Eastern Market, continued.

Ms. Whitacre introduced **Jane Bush**, who has been instrumental in leading an effort in Washtenaw County to move a food hub effort from a very grass roots project into an existing entity.

Ms. Bush was serving as Business Development Specialist for the Food System Economic Partnership when she began work on the Washtenaw Food Hub and is continuing with the project. The Washtenaw Food Hub was initiated to meet various customer segment demands. In order to capture that value, there was a need for supporting infrastructure to meet the local food system demand.

Approximately one year ago, negotiations began for the property currently being purchased on land contract by Washtenaw Food Hub, LLC. It is a 16-acre site with

numerous buildings available, three miles from downtown Ann Arbor, and in a perfect location for supporting the local agriculture community. The organization is comprised of varying membership levels with a core management team. Their concept includes attracting businesses to locate processing facilities on the site and a potential retail outlet. Hoop houses are also being planned and 16 acres of the property is tillable land.

The Washtenaw Food Hub concept consists of food distribution, production planning, internships, farmer training, food donations, local food campaign, community engagement, food aggregation, food production, and farmer services.

Ms. Whitacre introduced **Dan Carmody, President of the Detroit Eastern Market Corporation**, which is a very unique experience for Michigan.

Mr. Carmody reported Detroit's Eastern Market has been a hub for connecting growers with buyers in southwest Michigan for over 100 years. It is now evolving into what he envisions to be a "Healthy Metropolitan Food Hub" helping to seed a regional food system based on a network of small, local growers, food processors, and creative retail and wholesale interactions throughout the natural food chain. Eastern Market is the most comprehensive food hub in the nation, given its role in developing a regional food network and its incorporation of each of the various components of a regional food system: production, processing, wholesale, retail, nutrition education, grower training, and converting waste to nutrient streams. A stronger regional food system is trying to strengthen each of these components and a regional food hub is where those connections occur around that system.

Eastern Market is where urban, rural, and suburban collide with 250 distinct vendors, most of whom are residents of the counties around Detroit. There also is the burgeoning urban agriculture aspect, which has grown from 200 community-based gardens in 2004 to over 1,500 this year. The 80 largest of those growers participate in a grower's cooperative and sell at Eastern Market, with two growers graduating to a full-time living growing food within the City of Detroit.

Eastern market is actually a series of markets known largely for their year around retail public market that attracts as many as 30-40,000 people. More importantly strategically is maintenance of a significant seasonal wholesale market. The market is also used for a wide variety of community events. A seasonal Tuesday market was begun, which is open June through October, and a Sunday market will be established next year.

Major capital improvements are in process, including a shared-use community kitchen where they help to increase the incubation of food processing, as well as expanding efforts to educate consumers. The economic opportunity and job growth lies in processing. Michigan is second only to California in terms of crop diversity, yet the state is in the 20th percentile for food processing. This is one of Eastern Market's most important functions – encouraging that food processing piece to expand.

Eastern Market has also established a virtual food hub to connect the region's growers and buyers in an unprecedented way using LocalOrbit.com. A buyer can go online,

choose Eastern Market as their hub, and view and buy from a variety of growers and specialty product vendors on one purchase order.

Considerable opportunities also exist around the commissary function. There has been a surge in food truck interest, with 12 trucks on the streets in southeast Michigan. However, the closest commissary kitchen to Detroit is in Warren. There is an opportunity to create jobs in Detroit providing this function.

Eastern Market's \$75 million 20-year vision is building the most comprehensive, healthy metropolitan food hub that can be a model for other major metropolitan areas around the country. But whatever they accomplish does not solve food access issues for those residents without access to good transportation. Over the last three years, in addition to building their market facilities, they have also been developing alternative means of distribution into neighborhood sites with the CSA (Community Supported Agriculture) style food box, the food bank, neighborhood farmers' markets, and Eastern Market farm stands. Also, alternative payment programs are being established, such as SNAP and Double Up Food Bucks to encourage the demand for healthy, locally grown food. This month, Eastern Market will surpass the \$1 million level of funds from alternative food currencies into the pockets of Michigan growers.

With great support from MDARD, they have been able to convene those economic development organizations that can assist food related businesses with Detroit-based food related businesses in an attempt to create dialog that will retain more money in Michigan. Gaps will be identified and filled with Michigan based operations.

He complimented MDARD and MSU for their work toward creating a regional food hub system. An interconnected system mirrors what is happening in USDA to create a national system. We cannot regionalize agriculture without a means of aggregating some of the new emerging small and medium-sized producers.

In response to question from Commissioner Coe regarding management structure, Mr. Carmody advised from 1891 to 2006, Eastern Market was run by the City of Detroit and in 2006, a non-profit based organization assumed management. Because the City had so many properties to manage, no one was focused on the opportunities of the Market. Having a non-profit whose job is to make the Market a stronger place has made all the difference in the world. Because the market generates only 60 percent of its operating capital, it depends on foundation support for the balance. It is hoped that various components of their strategic plan will potentially increase cash flow in the future.

Commissioner Coe asked how many food hubs are self-sustaining. Mr. Pirog advised, although there are examples of financially stable food hubs, most partially rely on government and foundation support.

Director Creagh thanked Mr. Carmody for his outstanding leadership in the food hub arena. In response to his inquiry, Mr. Carmody reported they are conducting a survey of the institutions and facilities around Eastern Market to match what is being grown to what is utilized. Detroit Public Schools, for instance, wants to change 30 percent of

student meals from highly processed to locally grown or minimally processed food, which represents 50,000 meals per day, or a \$4 million per year purchase.

Director Creagh also recognized the efforts of MDARD's Mike DiBerardo who has worked closely with Mr. Carmody on many of these efforts and has been coordinating the business side of the food hub picture.

BUDGET UPDATE: Amy Epkey, Budget Officer

Ms. Epkey reported Governor Snyder presented his Fiscal Year (FY) 2013 Executive Budget on Thursday, February 9, which represents a very stable budget moving into the future and recognizes the importance of agriculture. The Governor is investing in areas that the industry identified as priority programs over the past year. The State of Michigan \$48.2 billion budget recommendation includes \$9 billion in general fund, which is increased slightly from the previous year. The Quality of Life (QOL) group represents two percent of the total state budget, with a nearly \$850 million total budget, including \$85 million in general fund. MDARD represents nine percent of the total and 40 percent of the general fund QOL budget.

The department's total FY13 budget recommendation is \$74.5 million, including \$34.1 million in general funds, reflecting a 19 percent general fund increase from last fiscal year. This helps to stabilize funding for some of the department's core programs and provides additional funding for initiatives that support increased opportunities for regional development and economic growth.

Key enhancements in the Governor's recommendation impacting the department (if enacted) include an additional \$1 million for the Michigan Agriculture Environment Assurance Program (MAEAP) to help meet our goal of completing 5,000 verifications by 2015; \$400,000 for three new Migrant Labor Housing Program staff to conduct seasonal housing inspections at Michigan's 850 migrant labor camps, which house 22,000 migrants; an additional \$500,000 to assist for the Food Safety Program to assist with preventive food safety measures, including implementing new federal Food Safety Modernization Act requirements; \$600,000 for additional staff to identify and coordinate increased rural and economic development efforts, and provide additional export market development expertise; \$1 million to support food hubs providing increased markets and value-added economic opportunities for Michigan farmers and businesses; and \$500,000 for Conservation District grants to provide landowners with assistance grants in managing their forestland to help increase the number of acres under a sustainable forestry management plan.

There is no additional funding in the budget recommendation for the Weights and Measures Program. However, the department has procured an internal restricted revenue carry forward amount that will fund seven new inspectors for the program to assist with packaged food claims.

Budget negotiations will be ongoing for the next several months, so the scenario could change. Next week, the Director will give a budget presentation before both the Senate and House Appropriations Subcommittees. Another Revenue Estimating Conference will be held in the spring, Conference Committees will then convene to reconcile any

differences between the House and Senate versions of the budget, and the bills then go to the full Legislature. It is the Administration's intent to have the budget completed by May 31, 2012 for the Fiscal Year 2013 budget, which would be effective October 2012.

In response to inquiry from Commissioner Green, Ms. Epkey advised the Appropriations Subcommittees can make modifications to the Governor's recommendations. The Forestry Proposal focuses on non-industrial private forest land, of which the state has 8.4 million acres. Commissioner Coe pointed out very few private forest owners actually have a management plan. Director Creagh added that mill owners are reporting problems procuring fiber and part of the solution is to develop a long-term fiber supply that will keep the mills operating. A map indicating location of foresters in the outreach areas will be forwarded to the Commission for information and clarification. The Director pointed out this is merely the first step in the budget process, and the department is not able to spend anything that is not appropriated by the Legislature.

Commissioner Meachum asked relative to in-season Migrant Labor Housing Program inspections if there will be a Memorandum of Understand between the Department of Labor (DOL) and the State of Michigan to prevent duplication of inspections. Director Creagh advised MDARD is initially attempting to build capacity with the inspection staff, and will follow that with normalizing the DOL, the Michigan Occupational Safety and Health Administration (MIOSHA), and agriculture relationship. Now that the department has the capacity, it is hoped to move forward with an effort toward MDARD being the state lead agency for inspections on farm for worker sanitation, worker protection, migrant housing, and any other grower community issues. There is great industry support for that effort.

Director Creagh advised that each one of the areas recommended for funding by the Governor were a direct result of those issues brought before the Commission.

LEGISLATIVE UPDATE: Derek Bajema, Legislative Liaison

Mr. Bajema advised House Bill 5130, the Food Law rewrite and one of the department's top priorities in the area of food safety, should be voted out of the House today. It had been delayed in the House Agriculture Committee for several months because of concerns from members who had been in the restaurant business. He applauded Kevin Besey for his leadership role in establishing a common ground between businesses in ensuring food safety.

House Bills 5206-5212, which are the various Rule Repeal bills, moved through the House and are now in the Senate Agriculture Committee. They are important as part of the Governor's message to reform and reduce the state's rules.

The House Agriculture Appropriations Subcommittee, which is comprised of freshman legislators, has been receiving testimony since last fall. Chairman Potvin has taken the opportunity to educate his membership on many of the department's core functions.

Senate Bills 887-888, relative to the Grain Dealers and Farm Produce Insurance Acts offer a good opportunity to theoretically make \$300,000 in general funds available for those programs. He expressed appreciation for industry support and leadership in this

effort. In response to inquiry from Commissioner Kennedy, Mr. Bajema advised the Senate was apprehensive to act last year because as they moved through the budget process, the House advised it should be a stand-alone bill, and it was reintroduced outside of the budget process. Director Creagh advised it would be beneficial if industry could send a clear message to all Appropriations Chairs, both full committees and subcommittees, advising this is something the industry supports.

MDARD has five fees that sunset September 30, 2012. Some fees will be eliminated, some reduced, and some will maintain licensure requirements only. The first bill addressing those is Senate Bill 946 that was introduced yesterday, with recommendations relative to the nursery inspections. He applauded MDARD staff Gina Alessandri and Jeff Zimmer for looking at the process and reaching out to this industry. Because the industry risk involves those moving plants from out of state, the bill would reduce licensing fees from \$100 to only \$35 for those dealers that are only moving plants within the state. It is hoped the bill will move soon, as spring is right around the corner and the industry and inspectors need to know where to devote their resources. The department continues to review where risks exist and make resource recommendations as appropriate.

In response to comment from Commissioner Coe, Mr. Bajema advised there currently are a least two bills dealing with large-scale puppy mills and animal shelters. The department is attempting to create one bill that will eliminate many of the “cats and dogs” responsibilities while creating stricter regulations for dog breeding facilities. Mr. Bajema will advise Commissioner Kennedy on the number of animals that constitutes a large-scale breeder.

COMMISSIONER ISSUES

Commissioner Green reviewed a retirement resolution before the Commission recognizing Kevin Kirk. He noted Mr. Kirk worked with Michigan Farm Bureau before joining MDARD, and one of his key contributions has been with the Bovine Tuberculosis Program. As a dairyman who experienced the situation, Commissioner Green noted that Mr. Kirk was able to smooth out many of the wrinkles with the dairymen to get the job done. Another key issue on which he worked with Mr. Kirk was the electronic identification system that provides for tracing of animals in Michigan. He complimented Mr. Kirk on all of his accomplishments.

MOTION: COMMISSIONER COE MOVED THE RESOLUTION FOR KEVIN KIRK BE ADOPTED WITH BEST WISHES FOR HIS LONG AND HEALTHY RETIREMENT. COMMISSIONER GREEN SECONDED. MOTION CARRIED.

Mr. Kirk confirmed he is retiring to run for political office in the State House of Representatives for the 93rd District, emphasizing his commitment to that effort. He hopes to provide additional agriculture representation in the Capitol. He has enjoyed his career with the department and looks forward to continuing to work with the agriculture industry.

Director Creagh requested time to review a few additional items. The Michigan Farm Bureau (MFB) and MSU held a meeting last night to structure action around the goals

that resulted from the Production Agriculture Summit. MDARD looks forward to continuing to work with the university as they develop strategies toward those goals.

He recently met with the Michigan Milk Producers Association (MMPA) to discuss strategic plans, including the opportunities around providing breakfast for those children who qualify for school provided lunches. This could represent \$19 million in additional funds for the state and would be a significant opportunity for Michigan's dairy industry in providing many of those breakfast items. Also recommended was placing this goal on the Governor's Dashboard to provide a means of tracking progress on the effort.

A notice was received this morning from NRCS advising that, thanks to the help of MDEQ and MDARD in developing a new interim practice standard, they achieved the goal of including Fueling Facility-Above Ground Storage on the Fiscal Year 2012 EQIP (Environmental Quality Incentives Program) payment schedule. This is good news for the state's farming community because Michigan producers can now apply for financial assistance to install these facilities.

In conjunction with USDA closing some offices, there is parallel initiative to consolidate the Agriculture Statistics efforts. At this point in time, Michigan is slated to be in the Pennsylvania Region, who has committed to retaining resources in Michigan. USDA needs to implement administrative efficiencies and it is a tough decision.

Commissioner Kennedy advised he has been in contact with NRCS Acting State Conservationist, Gary O'Neill, regarding various issues. He requested the Director invite Mr. O'Neill to present to the Commission during their April meeting to provide an update on wetlands determination.

PUBLIC COMMENT

Ann Louise Budd, Michigan Horse Council announced the Michigan Horse Council's 29th Annual International Stallion Exhibition and Trade Show (Expo) is being held March 9-11 at the MSU Pavilion, and invited the Commission to join this event attended by over 20,000 people each year. She shared brochures on the Expo, as well as the Trail Riding Project coordinated with MDNR, background on the Horse Council, and the economic impact of horses in Michigan. The Horse Council maintains an Internet site at www.michiganhorsecouncil.com and is active on Facebook with the Horse Trails Program. They also participate in the *My Horse University* with several land grant colleges throughout the U.S. In the last two years, they hosted the American Horse Council meetings held at MSU, and the American Youth Council participated in the Annual Expo. Annually, they sponsor \$10,000 in scholarships, participate in the Michigan Festival of the Horse on Mackinac Island, and sponsor the arena in front of the Grand Hotel.

ADJOURN

MOTION: COMMISSIONER HANSON MOVED TO ADJOURN THE MEETING. COMMISSIONER KENNEDY SECONDED. MOTION CARRIED.

The meeting was adjourned at 12:10 p.m.

Attachments:

- A) *Agenda*
- B) *Agriculture and Rural Development Commission Meeting Minutes January 11, 2012*
- C) *Proposed 2012 Meeting Schedule – Revised February 15, 2012*
- D) *National Council of Agriculture Employers H-2A Survey Report*
- E) *Director Keith Creagh – Issues of Interest Report*
- F) *Pure Michigan Presentation*
- G) *Regional Food Hubs and the Michigan Food Hub Community of Practice*
- H) *Food Hubs In Michigan – Economic Development and Food Security (Presentation by Rich Pirog)*
- I) *Washtenaw Food Hub (Presentation by Jane Bush)*
- J) *Detroit Eastern Market (Presentation by Dan Carmody)*
- K) *MDARD Budget Update*
- L) *Legislative Status – February 2012*
- M) *Resolution for Kevin Kirk*
- N) *Michigan Horse Council Background, Economic Impact of Horses in Michigan, and 29th Annual Horse Expo Brochure*