

# MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT

Constitution Hall  
Atrium Level, Con-Con Conference Room  
525 West Allegan Street  
Lansing, Michigan 48933

## MEETING MINUTES APRIL 11, 2012

### **PRESENT:**

Velmar Green, Chairperson, Michigan Commission of Agriculture and Rural Development  
Bob Kennedy, Vice Chairperson, Michigan Commission of Agriculture and Rural Development  
Diane Hanson, Secretary, Michigan Commission of Agriculture and Rural Development  
Don Coe, 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 Green called the meeting of the Commission of Agriculture and Rural Development to order at 9:02 a.m. on April 11, 2012. Commissioner Hanson called the roll with Commissioners Coe, Green, Hanson, Kennedy, and Meachum, and Director Creagh present.

### **APPROVAL OF AGENDA**

**MOTION: COMMISSIONER COE MOVED TO APPROVE THE MEETING AGENDA FOR APRIL 11, 2012. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.**

### **APPROVAL OF MARCH 13, 2012, MEETING MINUTES**

**MOTION: COMMISSIONER HANSON MOVED TO APPROVE THE MARCH 13, 2012, MEETING MINUTES. SECONDED BY COMMISSIONER MEACHUM. MOTION CARRIED.**

### **REVISED PROPOSED 2012 MEETING SCHEDULE AND NEXT SCHEDULED MEETING**

A change in location for the June Commission meeting was discussed; specifically, holding that meeting in Oakley, Michigan, to allow for a Commission tour of the Auburn Bean and Grain Company's Frutchey Bean Company facility in Oakley following the meeting. A specific location for the meeting itself will be determined and communicated as soon as possible.

**MOTION: COMMISSIONER MEACHUM MOVED TO APPROVE THE REVISED PROPOSED 2012 MEETING SCHEDULE WITH A CHANGE IN LOCATION FOR THE JUNE MEETING. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.**

## **COMMISSIONER COMMENTS AND TRAVEL**

**Commissioner Coe** advised he attended the Pure Michigan Conference on March 25-26, along with Linda Jones from the Michigan Department of Agriculture and Rural Development (MDARD). During that meeting, the Michigan Economic Development Corporation (MEDC) announced a Pure Michigan Campaign agreement with the Coca Cola Company of Michigan, which has over 2,200 employees and eight bottling plants in the state. Coca Cola will cover all expenses for the Pure Michigan logo to be displayed on their 1,700 delivery vehicles, as well as some highway signage. Joint promotional campaigns with other sectors of agriculture offer a great potential; for instance, he has already contacted Michigan Milk Producers about the opportunity.

He is serving on a committee to redraft the Michigan Tourism Strategic Plan and the initial meeting was held March 25-26.

**Commissioner Hanson** reported she attended the U.S. Potato Board Annual meeting on March 14 in Colorado Springs on behalf of the Michigan Potato Commission, whose mission is to promote and educate both U.S. and international consumers. On March 28, she presented the Commission's resolution to Verso Paper Corporation and toured the mill while there. The Michigan Potato Commission applied for a Specialty Grant for the Michigan State University (MSU) AgBioResearch Center in Chatham with the goal of maintaining research currently being conducted there and keeping the facility open.

Weather conditions in the Upper Peninsula (UP) continue to be very dry. Very little rain has been received since the snowfall over a month ago.

**Commissioner Kennedy** advised their company representative participated in a meeting with local community colleges, Saginaw Valley State University, and agriculture stakeholders in the Saginaw Valley to develop a strategy for an MSU Agriculture Technology Program in collaboration with the community colleges.

Growers have contacted him with concerns regarding the May 1 implementation date of the Wheat Check Off Program because of system changes required. Many are asking whether that could be changed to June 1.

Other concerns expressed by the industry relate to the Custom Pesticide Applicators test administered by the department. He suggested the test questions be reviewed with the industry to determine if they are achieving the educational goals of the certification process.

He accompanied Mike DiBernardo of the department and Eastern Market President Dan Carmody on a visit to Hacienda Foods. That company is currently purchasing most of its white and blue corn outside of the state and means to grow white corn in Michigan are being explored. If implemented, that corn would be grown in the bottom tier of the state.

Beets are mostly planted in the Saginaw Valley and corn in that area is approximately five percent planted. It has been a good spring, but rain is needed.

**Commissioner Meachum** advised he attended opening day at Tiger Stadium and observed the impressive new Pure Michigan signage on the field's marquee.

Some damage in fruit crops has been sustained across Michigan, which is site specific. Corn planting is beginning, as well as wheat. It is also very dry in the southwest Michigan area.

**Commissioner Green** advised he attended the Michigan Milk Producers Annual meeting the end of March. Milk production is very high across the country and Midwest plants were more than full last weekend. Continental Dairy has implemented production, although it is not yet at capacity.

Meijer's recent purchase of Bareman's Dairy shifts that production to Prairie Farms in Battle Creek. Questions remain as to how that will influence distribution of Michigan's dairy production.

He spoke recently to a group of dairy farmers in Ontario regarding Michigan's dairy industry and the state's agriculture industry in general. While there, he learned that agricultural land prices in Canada are \$12-14,000 per acre. Canada imposed a quota on their dairy production, driving milk prices to a per gallon equivalent of \$5.00.

During the recent Bovine Tuberculosis Advisory Committee meeting, frustration was expressed regarding communication between Michigan and the U.S. Department of Agriculture (USDA). Also discussed was the need to reinforce necessity for electronic identification of cattle. One instance of accomplishing this quite effectively was MDARD's recent article in which Jennifer Holton tied that traceability to the Pure Michigan campaign.

He is serving on a committee for the 4-H and Animal Science Extension Program. The committee is reviewing the program and how it is being delivered.

In addition to travel previously mentioned, Commissioners Coe, Hanson, Kennedy, and Meachum traveled to attend today's meeting. There was no other travel submitted for approval.

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

### **DIRECTOR'S REPORT**

Director Creagh reviewed the current key issues of interest for the department, noting as MDARD works with the City of Detroit, ways to support a business cluster around the Eastern Market are being explored. Eastern Market is surveying institutions within a 70-mile radius and subsequently will attempt to build grower and processor capacity to meet that identified demand. The Director will be speaking to the Detroit Fellowship Program about how businesses in that area can be enlisted.

Business Leaders of Michigan announced that the agriculture sector is an area of focus for that organization. A meeting between the Quality of Life (QOL) agencies and the Business Leaders of Michigan is scheduled to discuss future strategies.

He reminded everyone that April is Wine Month. Information on the various special events planned can be found at [www.michiganwines.com](http://www.michiganwines.com).

He recently participated in a meeting with the Federal Reserve Board held in Grand Rapids. The Board has historically visited southeast Michigan to review the state's financial picture. Discussion around agriculture food processing and the food industry was included, which involved a number of bankers, real estate brokers, manufacturers, and business and agriculture leaders.

Chief Deputy Director Wenk is coordinating MDARD's efforts on the collaborative effort with MEDC and the Michigan Department of Transportation (MDOT) on rail, infrastructure, and food hubs.

Ag Day at the Capitol was held March 14, which was an excellent opportunity to speak with the Governor and many legislators, as well as raising the visibility of the food and agriculture industry.

On May 1, a rural development meeting will be held in Marquette. The Governor sent a request to the presidents of the three UP universities and Operation Action UP. They subsequently invited CEOs across the UP who are responsible for the majority of the UP employment to this meeting that will consider rural development issues and develop a focused strategy for long-term sustainable growth. The Director will forward meeting details to Commissioner Hanson for her possible attendance.

Meetings have been held with three UP mines who are either initiating or contemplating operations, as well as local Marquette officials, to discuss the transition from a mining property tax to severance. Everyone is coalesced around ensuring support of the mining industry, fairness to the locals, and improving the infrastructure. An administration position regarding severance should be developed within the next few weeks.

The first meeting of the Timber Advisory Committee was held recently in Gaylord. In meetings with paper mills and timber companies, the common opinion that more fiber must be harvested from private lands was evident. That opportunity actually exists on non-industrial private lands. The department will be meeting in the near future with a variety of interest groups to discuss delivering technical assistance to private land owners. MDARD has a history of doing that through a number of programs.

The department is co-hosting a meeting on Friday with commodity groups and growers to discuss Maximum Residue Levels (MRL), which can be a barrier for exports. Pesticides of choice will be discussed to assist growers that are producing for potential markets.

One of the commitments from last fall's Asian trip was to invite Chinese officials here for food safety training. That will occur in May at the International Food Protection Training

Institute and they will subsequently utilize Kellogg and Mead Johnson as two model plants. This will provide a base for exchangeable technological, scientific, and food safety training expertise. This is an excellent outcome of the visit to Asia, which will continue to open markets in China for Michigan food products.

Currently, there is significant turnover with management of the commodity committees. Executive Directors of the Michigan Apple Committee and the Corn Marketing Program of Michigan have resigned, and yesterday, the Michigan Potato and Carrot Industry Commission Executive Director Ben Kudwa announced he is in transition. Additionally, the Wheat Commodity Board is new. The department will spend more time with the legislatively-established commodity boards to help with those transitions, including training to confirm their roles and responsibilities.

Kellogg offered to assist MDARD with the Pure Michigan Fit Campaign, which is part of the Governor's Health and Wellness Special Message. Gerber and Kellogg are both interested in the effort.

He recently spoke to the Collaborative Development Council. MEDC has ten Economic Development Regions around the state and MDARD now has staff participating in each of those regions to assist in driving projects forward. This will allow the department to be more strategic with resources and appreciates that opportunity.

Regarding consolidation of the National Agriculture Statistics Service, Michigan was initially assigned to Iowa and it now appears will be part of Pennsylvania operations. With an office in the state, the direct relationship between people needing service and agriculture statistics has been excellent. With another layer of decision-making, having to ask Pennsylvania what we can do in Michigan may be problematic. With the Commission's concurrence, the Director will raise that issue.

In response to questions from Commissioner Coe, the Director advised the Cities Team is an effort at the Cabinet level to assist the City of Detroit and the Mayor's Office with additional revenues, assets, and expertise as they move forward in the reinvention of the City. The Director chairs the Eastern Market Renovation Committee, which is assisting Dan Carmody with that development. He advised that Dan Carmody is representing the food hubs during these meetings and other food hubs may be included in the future. What is learned in Detroit can be used to help other jurisdictions that have similar challenges.

Commissioner Coe advised the Michigan City Managers are holding their meeting in Traverse City and requested a presentation on the agriculture sector, which Mike DiBernardo will be providing. This demonstrates that the cities are becoming excited about agriculture opportunities.

Commissioner Coe noted that USDA celebrates its 150<sup>th</sup> anniversary on May 15 and the Land Grant College System will celebrate its 150<sup>th</sup> anniversary in July. He suggested a Commission resolution of recognition would be most appropriate.

**MOTION: COMMISSIONER COE MOVED THAT THE DEPARTMENT DRAFT A RESOLUTION FOR THE CHAIR'S SIGNATURE ON BEHALF OF THE COMMISSION RECOGNIZING THE 150<sup>TH</sup> ANNIVERSARIES OF THE U.S. DEPARTMENT OF AGRICULTURE AND THE LAND GRANT COLLEGE SYSTEM. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.**

In response to question from Commissioner Green, Director Creagh advised, because jurisdiction over the Michigan State Fair was transferred from the department a number of years ago, MDARD was not consulted prior to transition of that property.

**DIRECTOR'S TRAVEL**

Director Creagh has no out-of-state travel planned in the near future.

**PUBLIC COMMENT (AGENDA ITEMS ONLY)**

There was no public comment relative to agenda items.

**BUDGET UPDATE: Amy Epkey, Budget Officer**

Ms. Epkey provided detail on the current status of the 2013 budget. Since the last Commission meeting, both the Senate and House have released their recommendations on MDARD's 2013 budget, which begins October 1, 2012.

The Senate and the House both agree with the Governor's recommendations of an increase of \$1 million for the Michigan Agriculture Environmental Assurance Program, \$400,000 for the Migrant Labor Housing Program, \$600,000 for Rural Development, and \$500,000 for Food Safety. The Executive Proposal included \$500,000 for the Forestry Proposal, on which the House agreed; the Senate increased that to \$600,000.

For Regional Food Systems/Food Hubs, the Executive Proposal included \$1 million and the House agreed; the Senate broadened the scope of that grant program to a Rural Development Value-Added Grants Program and included \$2.1 million, which still allows food hubs to apply through the process. There is a negative \$300,000 in both the House and Senate versions for the Producer Security Program, which reflects the current fee proposal for that program that would offset that negative figure, resulting in no net impact to the program itself.

Within the Senate version, there is \$300,000 for the Dairy Program, \$70,000 for the Nursery Program, and \$181,700 for County Fair improvements. There is a place holder in the House version for Local Conservation Districts.

The Executive and House Proposals each recommend an overall 19 percent increase in General Funds, while the Senate version includes a 24 percent increase.

The next step in the budget process is the May 15 Revenue Estimating Conference when the Governor's Office and the State Budget Office meet to determine if the prior estimates for 2013 revenue remain realistic and how much funding each department will actually receive is determined. The Conference Committee will then meet to work out any differences between the House and Senate versions. Their recommendations are

presented to the full Legislature and then to the Governor. The process remains on track for the target date of June 1 for the budget to reach the Governor's desk.

**U.S. DEPARTMENT OF AGRICULTURE WETLAND DELINEATION TEAM: Kevin Wickey, Acting State Conservationist, and James Scott, State Resource Conservationist, Natural Resources Conservation Service**

Mr. Wickey thanked the Commission for the opportunity to present today. He reported the Food Security Act of 1985 was a significant shift in policy for USDA and for American farmers. Now 26 years later, USDA is still implementing this legislation. USDA is currently in a perfect storm of high commodity prices, high land prices, updating of USDA records, changing generations on the farm, and changing employees within USDA. He and Mr. Scott are here today to help explain what the USDA Natural Resources Conservation Service (NRCS) is and has been accomplishing.

Mr. Scott reported USDA places high importance on maintaining productive land and a healthy environment. Part of that commitment is reducing soil erosion and preserving wetlands. NRCS and the Farm Service Agency (FSA) administer a number of programs that assist agricultural producers and protect our natural resources. By law, these agencies are required to verify that all producers benefiting from these programs comply with Highly Erodible Land (HEL) and Wetland Conservation (WC) regulations.

Legislation passed by Congress within the 1985 Farm Bill included conservation compliance requirements for HEL and WC for farmers who utilize certain USDA benefits. The purpose of the legislation is to reduce soil erosion, protect the fertility of agricultural land, protect water quality, and to preserve the functions of the nation's wetlands. With few exceptions, eligibility for USDA programs requires compliance with the HEL and WC provisions of the Farm Bill, which is mandatory and legally required.

Land classified by the USDA as wetlands often does not contain standing water. Characteristics considered include: 1) predominance of hydric soils, 2) inundated or saturated by surface or groundwater (hydrology), and 3) under normal circumstances does or will support a prevalence of vegetation normally found in saturated conditions. Wetland determination is the technical decision made by an NRCS specialist, including identification of wetland type and size. .

A wetland can be farmed if under natural conditions it was not drained, cleared, or otherwise manipulated to allow farming. Wetlands that were planted to an agricultural commodity before December 23, 1985 and kept in agricultural production are classified as prior-converted (PC) cropland and are exempt from WC compliance. Planting of a commodity crop on wetlands converted (CW) after this date places the participant in non-compliance. After November 28, 1990, the conversion of a wetland making the planting of crops possible places the participant in non-compliance. The landowner has the right to appeal; however, if the not in compliance decision is upheld, the producers will no longer be eligible for USDA programs. To restore eligibility, the producer will be required to restore the cropped wetland, as well as satisfy other conditions set by FSA. If the producer does not satisfy the agreement, eligibility will not be restored and re-payment of past USDA program benefits may be required. In addition, if the wetland is

not restored, any other producer than plants a commodity on the land will also become out of compliance for USDA benefits.

In the years between 2007 and 2010, there were no more than 1,000 determinations. During the second half of 2011, 3,500 determinations were completed. They expect no less than 4,500 by the end of 2012. They are doing the best they can to keep up with accurate, consistent determinations. The determination process itself has not changed, but changes to how they complete that process have been implemented. To increase accuracy and improve consistency, wetland teams on an area basis were developed. They have a collateral duty to conduct determinations through the use of a variety of information which includes hydric soils maps, prior determinations, FSA master photos, topographic maps, national wetlands inventory maps, and the annual 1984-2004 FSA slides that were taken for compliance to allow for sequential review to help make determinations.

Initially, a Preliminary Technical Determination (PTD) is made. A Request for Reconsideration or Mediation must be received by NRCS within 30 days of notice of the PTD and requires a site visit. Within 30 days after PTD, or following reconsideration or mediation, a Final Technical Determination (FTD) is made. A request for appeal to the National Appeals Division can be made within 30 days following notice of FTD.

The law within which they work is one law written for the entire country. They try to work within the confines of that law, but still make use of the allowances provided. "Farmer friendly" actions by NRCS include honoring previous determinations (except for obvious wetlands), continuing to recognize previously erroneous NRCS determinations, labeling fencerow removal similar to adjacent fields, allowing removal of woody vegetation that can be accomplished with a normal plow or disc, and allowing center pivot wheel tracks and outlets for upland drainage through wetland areas.

In response to inquiry from Commissioner Green, Mr. Scott advised if a determination is made on a prior converted track, unless there is a glaring error in how that determination was made, they will honor that prior determination; however, any further changes will not be allowed. The increase in determinations is directly related to change in land ownership and records having been lost; if FSA has no record, another determination must be completed. Also, the largest portion of the increase is driven by individuals wanting to make changes on their land. The landowner must sign in the FSA office before NRCS will make that determination. An electronic geographical system is now being maintained to record all determinations.

Commissioner Kennedy inquired about land having been manipulated by the previous owner. Mr. Scott advised any determination remains with the land. FSA makes any determinations for eligibility, or who is liable. There are opportunities for a subsequent land owner to discuss the situation with FSA.

In response to Commissioner Kennedy, Mr. Scott advised if a prior determination made in error caused a landowner to make improvements and NRCS recognizes an error was made, at the time that error is discovered, anything completed before that time may remain in place. It is labeled a Converted Wetland Technical Error by NRC – the

conversion and the level of drainage in place at that time may remain; however, going forward, no further conversions can be made.

Commissioner Coe shared a case of a wetland track whereby the owner wanted to convert it to growing the wetland crop cranberries and was advised a remediation plan would be required and the significant cost involved prevented that owner from moving forward. Mr. Scott advised that is a regulated wetland issue under jurisdiction of MDNR.

In response to question from Director Creagh, Mr. Scott advised policy dictates that mitigation should be completed within the same eight-digit watershed, at a minimum of a 1:1 ratio for the conversion. It also must be completed on a prior converted wetland. Director Creagh advised conversations on a state-wide basis indicate there will be higher value and function on a larger wetland restoration and the department would like to entertain the mitigation discussion with stakeholder groups. Mr. Wickey advised that during tomorrow's Michigan Technical Committee meeting, he intends to establish a subcommittee on wetland determinations and one of that group's functions will be reviewing mitigation opportunities. Director Creagh advised the department would like to partner with NRCS in that effort, including the potential of pilot opportunities.

#### **ADJOURN AND RECONVENE**

Chairperson Green adjourned the meeting at 10:22 a.m. for a brief break. He reconvened the meeting at 10:32 a.m.

#### **UNLOCKING THE FOOD SERVICE COST – CORRECTIONS, OPERATIONS, SERVICE TRANSFORMATION: Brad Purves, Food Service Program Manager, Michigan Department of Corrections**

Mr. Purves provided an overview of the Michigan Department of Corrections (MDOC) Corrections Operations and Services Transformation (COST) Program, a supply chain transformation initiated over three years ago, and how it applies to the Food Service Program in Corrections.

COST considers the objectives of cost reductions, security compliance, asset utilization, efficiency improvements, and employee job enrichment. Keys to the Food Service Program strategy are identification and development of long-term total lowest cost supplier relationships, as well as seeking supplier knowledge, understanding, and alignment.

The program has been driven by massive revenue reductions, threats of private competition, and considering new ways of operating. Considering what is best for our state is essential – not being price driven, but considering total cost, which includes logistics and working with local growers to reduce transportation costs. When those transportation costs can be determined and minimized, considerable savings can be realized.

MDOC's COST infrastructure is cross-functional, allows leaders to truly lead, and employees' talents and time to be leveraged – driven by stretch goals, performance metrics, Continuous Quality Improvement disciplines, and success-based philosophies. Best/appropriate practices for the supply chain begin with customer requirements. In

their supply chain vision, they are considering product specifications and forecasting/planning, which resulted in today having one standard menu for all 30-plus kitchens, allowing for exact forecasting of product needs and providing growers with predictable contracts. Next considered are sourcing, warehousing/inventory, and operations of each prison. Logistics of how product is delivered and customer service complete the process.

With the statewide standard menu, MDOC is moving toward a push strategy – statewide centrally planned and forecasted meals and counts. Rather than pulling orders, the food will be pushed to the facilities, creating an automatic system that will bring additional efficiencies.

Effective supply chain management impacts total cost. With various participants, such as processing, manufacturing, and growers, they are looking at the various sources within Michigan to determine how those can be grown. There is an opportunity to have more farms through a coordinated effort. Ordering less often and paying bills early has equated to significant overall savings. Being part of the Food Policy Council, he has had the opportunity to reach out to other institutions and share MDOC's cost effective strategies in food service. The key is defining lowest total cost linkages and supplier relationships.

Potential contributions and benefits to growers, farmers, and suppliers provide various potential opportunities that include early insight, long-term contracts, leveraging logistics, openness to new ideas, more dependable customers, well-defined points of communication, and an overall total cost focus. All benefit when operating on a lowest total cost / continuous improvement relationship.

Commissioner Hanson reported that eight years ago, the Michigan Potato Commission began supplying potatoes to three prisons in the UP, delivering about every two weeks. It is a win-win relationship for everyone involved.

Commissioner Green inquired how the proposed legislation to privatize MDOC's Food Service would impact costs. Mr. Purves advised he encourages everyone to consider total cost, not just price.

In response to inquiry from Commissioner Coe, Mr. Purves advised they do have metrics in place to measure customer satisfaction. Two prisoners in every prison complete an evaluation form at each lunch and dinner served, as well as two staff doing the same. The information gathered drives future decisions on a state-wide basis.

In response to question from Commissioner Kennedy, Mr. Purves advised that MDOC is working to increase its purchase of produce from Michigan farmers.

Commissioner Coe encouraged MDOC to work with county corrections departments to help them incorporate the efficiencies MDOC has instituted in food services. Mr. Purves reported that several counties have expressed interest, and once the MDOC Request for Purchase (RFP) process is complete, they can entertain bringing in the county jails.

Director Creagh confirmed that Mr. Purves has been sharing his expertise with the Michigan Food Policy Council and that is being leveraged across a number of agencies. He added that Mr. Purves and Director Heyns have been great advocates of Michigan agriculture and expressed the department's appreciation.

### **ADJOURN AND RECONVENE**

Chairperson Green adjourned the meeting at 10:56 a.m. for a brief media break. He reconvened the meeting at 11:01 a.m.

### **THE ECONOMIC IMPACT OF MICHIGAN'S FOOD AND AGRICULTURE SECTOR: Chris Peterson, PhD, Director, Michigan State University Product Center**

Dr. Peterson announced findings from the newest Economic Impact of Michigan's Food and Agriculture Sector study, noting it was based on 2010 data, which is the latest available. Michigan's food and agriculture system remains a major contributor to income and employment in the state's economy. The industry contributes an estimated \$91.4 billion annually to Michigan's economy. This is an increase of 52 percent since 2004 and over a seven percent annual growth rate. This sector also accounts for more than 923,000 jobs, which accounts for 22 percent of Michigan's workforce.

These figures are estimates based on the best available sources of information with measurements consistent with the calendar year 2010. The primary method used to generate figures is an input-output model with multipliers generated by IMPLAN, a company that specializes in economic impact analysis software. Multipliers for indirect and induced effects are utilized – agriculture input is a multiplier effect of farming and agriculture processing is a multiplier effect of food manufacturing. Standard methods for such estimates are utilized. Various sources contribute to the study, including Michigan Agricultural Statistics Service, the Agriculture Census of 2007, the U.S. Economic Census of 2007, and the Bureau of Labor Statistics 2010 information.

Though the largest growth numbers came from the wholesale and retail distribution portion of the supply chain, the largest percentage of growth came from farming. The farming line encompasses food, energy, and horticultural crops, as well as animal and turf production. The impact of Michigan's farms and the commodities they produce is 12 percent of the overall total, and their economic contribution has nearly doubled from less than \$7 billion to more than \$13 billion. You would be hard pressed to find another business sector that has pulled through the recession with those kinds of numbers in just six years.

Michigan's food and agriculture system is a major source of employment for the state's workforce. Total employment in this sector, including direct, indirect, and induced, is more than 923,000, of which almost 618,000 are directly employed within the sector. The level of employment has declined from 2004 to 2010 by just under 112,000, which is nearly entirely in the food wholesale and retail sector, while the remainder of the system grew. The total employment impact accounts for approximately 22 percent of the total employment in the state.

The study was first conducted in 2006 using 2004 data. Then, the food and agriculture sector was determined to be valued at \$60.1 billion. An interim study in 2009 showed an

increase in value to \$71.3 billion. At an estimated \$91.4 billion impact, the newest study shows that the food and agriculture system is on a consistent growth trend and is of substantial importance to the state's economy.

The study analyzes the economic impact of the farm, food processor, and wholesale and retail levels of the agri-food supply chain on the Michigan economy. Also included are the supply sector, nursery and landscape industries, and the size and impact of the agri-energy sector. The full report and an executive summary are available online at [www.productcenter.msu.edu](http://www.productcenter.msu.edu).

In response to questions from Commissioner Coe, Dr. Peterson confirmed the food wholesale and retail sector does include food hospitality. Looking exclusively at the agriculture and food supply chain, forestry has not been included. Where appropriate, flows related to the horticulture and ethanol industries are included as clearly part of the agricultural supply chain.

Commissioner Green asked if food safety services and forestry bi-products provided to agriculture are included in the study. Dr. Peterson advised the multipliers are the attempt to take account of the ancillary activities that are a direct result of a primary activity. All of the farming input supplies are categorized as part of the multiplier effects.

The Commission and the Director complimented the MSU Product Center on the study and thanked them for their continued excellent work.

**EPIDEMIOLOGY AND TOXICOLOGY ACTIVITIES WITHIN THE MICHIGAN DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT: John Buckweitz, Toxicologist, and Justin Henderson, Epidemiologist**

Dr. Buchweitz reported that MDARD's All Hazards Risk Management encompasses strategies and expertise in protection/prevention, preparedness, response, recovery, and mitigation. With an increased emphasis on risk-based policies and strategies, the department has focused its existing resources where they will have the most effect – environmental protection, water safety, and food safety protection and defense. The department meets two critical government functions of detecting and responding to incidents causing human and animal health illness.

He introduced Justin Henderson, who recently joined the department as its Epidemiologist Liaison and who will be coordinating public health and MDARD foodborne illness investigations. Dr. Henderson explained that epidemiology is the study of disease distribution in populations and the reasons for that distribution. Given today's food distribution system, many outbreaks can occur across state lines and involve working with other state and federal partners. As an example, he reviewed a summary of an outbreak investigation of a recent multi-state outbreak of *E.coli* 0157:H7 which caused infections associated with in-shell hazelnuts. Eight cases were identified from December 20, 2010 to February 16, 2011. Based on fingerprint testing, the cases were identified as a cluster and investigations to discover the common link were initiated. They were able to then identify the retailers and distributors involved. Control measures were implemented, including a nationwide recall of in-shell hazelnuts shipped by the

implicated California distributor and issuance of various public advisories. They were effective in preventing any further illness.

Effective outbreak investigations involve early identification of sources, rapid placement of targeted control measures, maintaining public confidence in our food supply, and minimizing “collateral damage” – economic losses to uninvolved food producers.

Director Creagh noted this is reinforcement for traceability and the importance of being able to minimize recalls through quick and robust response to any type of outbreak. In addition, as the department works with the Food and Drug Administration in on-farm produce food safety efforts, the traceability issue will become even more significant.

Dr. Buchweitz advised a toxicologist studies poisons. As the department's toxicologist, he performs a number of functions, including engaging stakeholders to educate them on the effects of chemicals on agriculture production and impacts on human and animal health. He also serves as liaison to the MSU Diagnostic Center for Population and Animal Health (DCPAH), which helps to provide extra surveillance and contributes to expedited response. In addition, he works closely with each of the department's divisions to ensure an ongoing dialogue to share information and ensure key parties are connected regarding various concerns.

Stakeholders are engaged through a variety of forums – he provides presentations at various stakeholder venues such as Kellogg Company, EPA Preparedness Response Exercise Program (PREP), and the Society of Toxicology (SOT). He participates in various state agency work groups and works with other divisions and state agencies to reach out to communities within Michigan to represent agricultural interests where needed.

Most presentations relate to risk as it pertains to chemical contaminants. It is important to address the difference between risk and perception. Quite often, the public perceives the use of agricultural chemicals to be worse than what they actually are. It is important to share information on programs in place that maintain public safety and human health.

The MSU DCPAH works with a broad client base, has extensive testing capabilities, and offers opportunities to meld academic, service, and regulatory environments. The Center provides a forum through which he can observe the types of cases occurring across the countryside that generally result in an adverse outcome from a possible intoxication. It further allows him to use connections within the department to discuss currently trends, learn from staff, and expedite investigative efforts.

#### **LEGISLATIVE UPDATE: Derek Bajema, Legislative Liaison**

Mr. Bajema advised the Legislature is currently working in their respective districts. He highlighted bill activity that occurred just prior to their Spring break. Senate Bills 887-888 would save the department \$300,000 through amendments to the Grain Dealers and Farm Produce Assurance Assessment Acts and it is hopeful they will be passed soon.

Senate Bill 946 has been presented to the Governor and addresses nursery retail licensing and inspection. Very positive meetings have been held with Senator

Casperson's staff regarding Senate Bill 996, which is the depredation bill, and discussions continue with MDNR as well. Senate Bills 1057-1062 are currently being reviewed, which is a package introduced by Senator Booher aimed at increasing private non-industrial forest management.

House Bill 4663 has been presented to the Governor and ends the farm name registry, which has not been used for a number of years. House Bill 4751 is awaiting action on the Senate floor, which limits MDARD's exposure in arbitration hearings.

The department received positive reactions from MDOT toward adding blue attraction logo signage along highways and that has been introduced in House Bill 4835. This would offer great opportunities for agri-tourism businesses in the state.

MDARD was recently assigned as lead on House Bills 4866-67, which limit liability at equine activities and farm market activities respectfully to willful or wanton acts. The department has expressed concern about farm product liability limitations that are included and possible conflicts with the Food Law rewrite.

House Bill 5130, the Food Law rewrite, is on the Senate floor and is a department top priority. A meeting has been scheduled with Senator Hune to discuss his desire to raise the Cottage Food threshold, about which MDARD has concerns. The Cottage Food Program has only been in effect for two years and no complaints have been received from the industry that the current \$15,000 per year threshold is a burden. Numerous concerns have been received from other aspects of industry, including small processors.

House Bills 5206-5212, the rule repeal bills discussed last month, have now been presented to the Governor. Bills to be introduced soon include the Weights and Measures Act update, a series of licensing sunset extensions, and a bill that would require licensing and registration of large-scale dog breeders.

Commissioner Coe asked if the department had a position on Senate Bill 27, which would transfer regulatory responsibility for privately owned cervidae producers from MDNR to MDARD. Mr. Bajema advised the department has expressed to Senator Hansen that the oversight of that program is best served at MDNR at this time.

### **COMMISSIONER ISSUES**

Commissioner Green reviewed a resolution before the Commission in support of expanding broadband telecommunications coverage for rural Michigan, which read:

*WHEREAS, Michigan's food and agriculture industry, our state's second largest economic driver, contributing over \$71.3 billion each year, is a cornerstone to our economic recovery; and production agriculture, food processing, and related businesses employ about one million people; and,*

*WHEREAS, it is recognized that broadband telecommunications connectivity is to rural communities what highway construction and electrification were to the development of America nearly a century ago; and,*

*WHEREAS, rural economic development within all industries requires broadband telecommunications as a core element of community infrastructure throughout the State of Michigan; and,*

*WHEREAS, broadband telecommunications connectivity means universal technical access which can positively impact the social, cultural, and economic lives of our citizens through information, education, business, medical, agricultural, public safety, and governmental (civic) applications; and,*

*WHEREAS, Michigan businesses with broadband internet report median annual revenues 67 percent higher than businesses without broadband internet; and,*

*WHEREAS, the overwhelming majority of Michigan's underserved households and businesses are located in rural areas; and,*

*THEREFORE BE IT RESOLVED, that the Michigan Commission of Agriculture and Rural Development supports the universal service principles of the 1996 Telecommunications Act that require consumers in all regions of the Nation, including low income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas; and,*

*THEREFORE BE IT RESOLVED, that the Michigan Commission of Agriculture and Rural Development supports continued funding through the USDA Rural Development Agency to expand broadband telecommunications coverage in rural Michigan; and,*

*THEREFORE BE IT RESOLVED, that the Michigan Commission of Agriculture and Rural Development supports Connected Nation and Connect Michigan and their outreach efforts to improve broadband telecommunications access and usage; and,*

*FURTHER BE IT RESOLVED, that the Michigan Commission of Agriculture and Rural Development transmit copies of this resolution to the USDA Secretary of Agriculture, Michigan's Congressional Delegation, Governor Rick Snyder, and the Michigan Legislature.*

**MOTION: COMMISSIONER COE MOVED THE RESOLUTION IN SUPPORT OF EXPANDING BROADBAND TELECOMMUNICATIONS COVERAGE FOR RURAL MICHIGAN BE ADOPTED. COMMISSIONER KENNEDY SECONDED. MOTION CARRIED.**

Commissioner Coe requested the Commission consider a special meeting to discuss the effects on local agriculture of the MDNR Invasive Species Order (ISO) on feral and various breeds of swine. At least three members of the current Commission were not present when this issue originated and testimony was received on the feral swine issue, including risks to the commercial pork industry, concerns of the hunting facilities, and specifics of the proposed ISO. At that time, the Commission recommended hunting ranches be regulated and has waited for that legislative remedy. Since the ISO was issued, there has been some delay in implementation to give hunting ranches and others an opportunity to respond. He advised he did not believe the Commission ever considered ramifications of the ISO as they might apply to the farm community raising

animals for purposes other than hunting. Considerable concern has been expressed with the realized risk of law suits and agriculture turning against itself. He noted the Commission has a direct charge and responsibility to make recommendations on policy. He recommended the Commission schedule a special meeting to bring to the table the various agricultural interests involved in the ISO issue and determine if the Commission can develop policy recommendations that would consider the adverse effects on the farm community, help drive the process forward, and potentially remove some of the considerable tensions existing today.

Commissioner Hanson supported Commissioner Coe's recommendation, as she has been contacted regarding the ISO and was not on the Commission when the order was originally discussed.

Commissioner Kennedy inquired as to how a special meeting would change the situation. Commissioner Coe advised he hoped the Commission could develop a working policy for presentation to MDNR regarding clarification of the species determination process and how the situation could be addressed from a domestic animal basis.

In response to question from Commissioner Green, Commissioner Coe advised a purebred mangalista swine has been exempted from the ISO. However, that does not apply to a managlista that has been cross bred, which is the practice of many farmers because those animals are hardier and produce more desirable meat for the end-use consumer. He questioned that if an animal can be properly raised behind the fence with security and traceability, is that not a function of agriculture – who knows what might be next targeted. It is placing upon MDNR an unfair responsibility.

Director Creagh noted that MDARD and MDNR are directed and restrained by regulatory statutes. With assistance from the Attorney General's Office, MDNR is moving forward with the regulatory tools that have been afforded to them under the ISO. Director Stokes and staff are proceeding with a common-sense plan. They want to work with producers, farms, and hunting establishments to reduce the impact of the ISO as much as possible. Michigan has a long history of regulating invasive species, which has been accomplished based on the species, not the place. Based on the current regulatory framework, it is a very difficult conversation. He agreed with Commissioner Coe there are some ancillary conversations involving the heritage swine being raising behind the fence exclusively for meat production, and subsequently, that involves purity of the animal. That will be decided with the legal responsibilities specifically assigned to MDNR, who has proceeded based on specific phenotypic characteristics. Additionally, there are court cases pending relative to implementation of the ISO.

Discussion ensued regarding the need and timing of a special meeting. Commissioners Green and Kennedy questioned what would be accomplished by a special meeting, especially since the issue is in the judicial system and currently being addressed by MDNR. Commissioner Meachum echoed the same, adding it could very well be simply a complaint or finger-pointing session. Commissioner Coe advised the June Commission meeting would not be timely for producers needing to make breeding decisions.

In conclusion, the Commission requested the Director draft a letter to MDNR for the Chair's signature requesting they continue to work with producers throughout the ISO process with thoughtful consideration, including the recommendation for animal security and electronic identification. It should be added that this is being requested in the interim, and if necessary, the Commission would discuss further during their June meeting.

**PUBLIC COMMENT**

No public comment was requested.

**ADJOURN**

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

The meeting was adjourned at 12:16 p.m.

Attachments:

- A) *Agenda*
- B) *Agriculture and Rural Development Commission Meeting Minutes March 13, 2012*
- C) *Director Keith Creagh – Issues of Interest Report*
- D) *MDARD 2013 Budget Recommendations*
- E) *MDOC Unlocking the Food Service Cost Presentation*
- F) *MDOC "Corrections Operations Services & Transformation" Brochure*
- G) *USDA-NRCS Wetland Conservation Compliance Fact Sheet*
- H) *USDA-NRCS Wetland Conservation Compliance Presentation*
- I) *The Economic Impact of Michigan's Food and Agriculture System – Executive Summary*
- J) *The Economic Impact of Michigan's Food and Agriculture System Report*
- K) *The Economic Impacts of Michigan's Food and Agriculture System Presentation*
- L) *Epidemiology and Toxicology Activities in MDARD*
- M) *Legislative Status – April 2012*
- N) *Resolution in Support of Expanding Broadband Telecommunications Coverage for Rural Michigan*