

**MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT  
Constitution Hall  
Atrium Level, Con-Con Conference Room  
525 West Allegan Street  
Lansing, Michigan 48933**

**MEETING MINUTES  
MARCH 16, 2011**

**PRESENT:**

Don Coe, Chairperson, Michigan Commission of Agriculture and Rural Development  
Velmar Green, Vice Chairperson, Michigan Commission of Agriculture and Rural Development  
Jennifer Fike, Secretary, 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  
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 9:02 a.m. on March 16, 2011. Commissioner Fike called the roll with Commissioners Coe, Green, Fike, Hanson, Kennedy, and Director Creagh present.

**APPROVAL OF AGENDA**

**MOTION: COMMISSIONER FIKE MOVED TO APPROVE THE MEETING AGENDA FOR MARCH 16, 2011. SECONDED BY COMMISSIONER GREEN. MOTION CARRIED.**

**APPROVAL OF FEBRUARY 9, 2011, MEETING MINUTES**

**MOTION: COMMISSIONER GREEN MOVED TO APPROVE THE FEBRUARY 9, 2011, MEETING MINUTES. SECONDED BY COMMISSIONER FIKE. MOTION CARRIED.**

**NEXT SCHEDULED MEETING**

The next scheduled meeting will be held on April 13, 2011, at the Western Michigan University Kendall Center in Battle Creek. The meeting and tours for the Commission immediately following the meeting are being hosted by the International Food Protection Training Institute. Commissioner Coe and the Director are hosting a dinner meeting the evening prior with several key agriculture businesses in the Battle Creek area and all Commissioners were encouraged to attend. Director Creagh noted this outreach opportunity is an extension of the department's rural development focus in how the agriculture industry can help reinvent Michigan. Commissioner Coe noted that if any of the Commissioners have ideas around rural development, to submit them for future meeting discussion.

## **COMMISSIONERS' TRAVEL**

Commissioner Fike traveled to today's meeting, as well as the Michigan Organic Conference the first weekend in March, the Agriculture and Natural Resources lunch meeting, and the Local Foods Summit held at Washtenaw Community College.

On February 16 and 17, Commissioner Hanson attended the Michigan Potato Industry Conference in Mount Pleasant. She also attended the Michigan Farm Bureau (MFB) Lansing Legislative Seminar on February 22, and an event for the Upper Peninsula's (UP) new dairy farm, DeBaker Family Dairy in Menominee County. Representing the Michigan potato industry, she attended the U.S. Potato Board meeting in Colorado Springs on March 9, which is a non-Commission activity.

Commissioner Kennedy attended the MFB Legislative Conference on February 22 and traveled to today's meeting.

Commissioner Coe attended the February 24 United Dairy Industry meeting in Lansing, and on February 25, attended a meeting with the School of Agriculture and Natural Resources in East Lansing. He also traveled for today's meeting.

**MOTION: COMMISSIONER GREEN MOVED TO APPROVE THE COMMISSIONERS' TRAVEL. SECONDED BY COMMISSIONER FIKE. MOTION CARRIED.**

## **COMMISSIONER COMMENTS:**

**Commissioner Kennedy** reported that with spring almost here, production agriculture is becoming quite busy. With good soil moisture across most of the state, the prognosis for crops is good this year.

**Commissioner Hanson** reported the potato industry is beginning to ship seed and growers will begin to plant within the next two weeks. The moisture levels in the UP are somewhat dry because of low snowfall levels this year.

**Commissioner Fike** reported that the Michigan Organic Conference was attended by approximately 200 people and sessions included presentations on the 2012 Farm Bill and Grass Fields Farm. About 300 people attended the Local Foods Summit in Ann Arbor and she was involved in a session to assist new farmers in southeast Michigan who are looking to partner with Ann Arbor Township.

She expressed concern regarding some of the budget issues within the tax credit elimination proposal. One of those affects P.A. 116, which is designed to preserve farmland and open space through agreements that restrict development and provide tax incentives to farmers who participate. In the past, there has been considerable development pressure on farmers in the southeast area of the state and this proposal would harm some of the land preservation efforts in that region. Another piece of legislation being considered is House Bill 4306, which would require schools to outsource food service operations. This creates concerns for the farmers participating in

the Farm to School Program, because some of the contractors are not interested in bringing more fresh foods into the schools.

**Commissioner Green** reported he recently spoke with Cory Claussen with the U.S. Senate Agriculture Committee, who is looking to become more knowledgeable about specialty crops in Michigan to align with Chairwoman Stabenow's interest in those crops. The dairy industry is moving forward. During the Michigan Milk Producers Association (MMPA) meeting yesterday, General Mills-Yoplait announced a two-million pound expansion of their Reed City plant. Leprino Foods is working with the department to expedite their processing plant expansion in Allendale. Also, the new Continental Dairy plant in Coopersville is coming on line soon.

He also expressed concern regarding P.A. 116 and the implications of eliminating tax credits for that program. It appears that the Governor's office is moving ahead without asking the people directly affected by the proposal. This deserves close attention by the Commission through its policy of helping to develop and preserve agriculture.

**Commissioner Coe** noted that comments from the Commission reflect the fact we have a new Governor, a new Legislature, and many new bills are being introduced. The role of the bipartisan Commission is to reflect the interests of agriculture; individual members are free to express concerns regarding specific issues; and the opinion of the Commission as a whole is to be reflected when the Commission officially takes a position. Because the northwest part of the state is experiencing pressure on land prices and is not able to retain as much agricultural land as is needed to keep agriculture as a viable sector, P.A. 116 is of great interest.

Many small farms in the Traverse City area have also expressed concern about HB4306 and its threat to growing the farm to school lunch program. Perhaps that bill could be drafted in a way that would still encourage local food procurement. He is also beginning to receive calls regarding House Bill 4305, which deals with captive cervid. Another bill of concern is legislation introduced in the House on immigration enforcement. This is an issue that is particularly troubling to the agriculture community because of its potential affect on migrant labor in the state. Agriculture interest in every sector should communicate their opinion on this bill to members of the Legislature.

### **SENATOR HOWARD WALKER**

Commissioner Coe recognized Senator Howard Walker, who had requested to address the Commission today.

Senator Walker advised he represents the area from Traverse City to Sault Ste. Marie. Recognizing that value-added agricultural operations will be a key part of Michigan's economic recovery, he is lending his support for an Agriculture Processing Renaissance Zone (APRZ) being considered by the Commission today.

He recommended the establishment of an APRZ for a tart cherry drying plant owned and operated by Shoreline Fruit. The proprietors of Shoreline Fruit are currently debating on whether to expand their Michigan plant, or to replicate that plant in the Fingers Lake region of New York. They indicated that the approval of an APRZ for their Michigan

plant would effectively guarantee that investment would be made here in Michigan at their location just north of Traverse City.

This innovation will be of benefit to his Senate district and to the State of Michigan for several reasons: 1) the expansion of the Acme Township plant will create 45-70 new jobs; 2) the upgraded plant will require tens of thousands of acres of tart cherry orchards to operate, keeping a strong commitment to preserve farmland in northwest Michigan; and 3) enhanced dried cherry production will help alleviate an ongoing surplus of other tart cherry product forms and improve salability of products for both growers and processors.

In response to inquiry from Commissioner Coe, Mr. DiBernardo advised there currently are 30 APRZ designations authorized in Michigan, with 25 of those being assigned. Commissioner Coe advised there may be an appropriate time to approach the Legislature for authorization of additional APRZ designations and the Commission would appreciate Senator Walker's support when that is proposed. Senator Walker advised agriculture is high on his list of priorities and he looks forward to that opportunity.

### **DIRECTOR'S REPORT**

Director Creagh highlighted some of the numerous meetings he has attended since the last Commission meeting, as well as noting those planned in the near future. He and Legislative Liaison, Derek Bajema, have been busy with Legislative visits, which will continue over the next few weeks. Meetings also were held with the Township Association and the Michigan Municipal League, and both are interested in assisting the department with rural development efforts.

Jim Johnson joined him for the National Association of State Departments of Agriculture (NASDA) meeting, during which various aspects of the Michigan Agriculture Environmental Assurance Program (MAEAP) were discussed. During the NASDA meeting, concern was expressed regarding the Environmental Protection Agency (EPA) regulations, in particular, how they are implemented and are in conflict at times with other agencies. The Food and Drug Administration (FDA) presented a report, during which they recognized Michigan for their effective Rapid Response Team, and specifically, Dr. John Tilden as a national expert. Much discussion centered on who will actually be conducting on-farm food safety inspections. There also was a national immigration conversation, and the agriculture directors will attempt to separate the issue of farm labor from immigration.

While in Washington, D.C., he held a meeting with Cindy Smith, Administrator for U.S. Department of Agriculture (USDA) Animal and Plant Health Inspection Services (APHIS), during which he discussed Commissioner Green's concerns about the bridge inspections. He also testified before Senator Stabenow's Senate Agriculture Committee.

He recently met with the Michigan Electric Cooperative and there is a concern about availability of power in the rural countryside, which substantiates adding energy to the department's rural development discussion. In an attempt to develop a system for the department to continue chairing Intercounty Drain Boards, a meeting was held with drain commissioners and the Michigan Association of County Drain Commissioners.

Relative to P.A. 116, the department has held various meetings with the Lieutenant Governor, Michigan Farm Bureau, and department staff to determine the fundamental drivers of the program and options if the incentive structure is changed.

A meeting was held with the Michigan Agricultural Cooperative Marketing Association (MACMA) to discuss its relationship to the Michigan Agricultural Marketing and Bargaining Board, which was dissolved under an Executive Order. Although there is no funding, some responsibilities remain under that statute.

While in Escanaba, he spoke at the "Agriculture for Tomorrow" conference, during which two issues were evident. There are some specific forestry biomass efforts in which the department could be involved that would make a significant difference to the industries in the UP. The other issue is Wisconsin as it relates to dairy and cow/calf operations. Because Wisconsin's policy has consistently restricted the movement of animals consistent with the lowest class existing in a state, he suggested developing a marketing strategy that would allow Michigan to build its own capacities.

He appreciated the opportunity to say a few words about Commissioner Green at the MMPA Annual meeting. He recognized the Commissioner for his many years of outstanding service to the agriculture industry.

The Director asked Brad Deacon to provide a quick update on the wheat referendum. Mr. Deacon advised the Director certified that sufficient petitions were received to move forward with a wheat referendum under P.A. 232. There will be two public hearings, March 30 in Frankenmuth and March 31 in Lansing. A draft of the program would provide for eight districts, plus a ninth member representing the milling industry. A ballot will be distributed to the industry proposing an assessment of up to one-half of one percent of value at the first point of sale, not including seeds, with the goal of having that in place by September 1, 2011. In response to inquiry from Commissioner Coe, Mr. Deacon advised the forestry, equine, and Christmas tree industries have been considering marketing orders, and he will obtain information on those currently in effect and forward to the Commission.

The Director confirmed that the Department of Natural Resources and Environment is officially now two departments, the Department of Natural Resources (MDNR) and the Department of Environmental Quality (MDEQ). Both directors have expressed intent to participate in the economic reinvention of Michigan through land-based industry.

There has been a Cabinet level group established among the various departments with interest to construct a rural development strategy with measures and metrics. May 1 is the target completion date for that plan.

There is considerable interest in non-industrial private lands. A proposal is being developed by the conservation districts on how to make those areas more productive.

The department is working with the Office of Great Lakes on the Great Lakes Restoration Initiative grants. The grant process is currently in the request for proposal stage and any ideas can be submitted through the Director's office.

There currently is interest in developing a state meat inspection program. The USDA Food Safety Inspection Services Program is a very structured process for meat inspection. While it is an effort worth considering, if errors are made, there can be significant risk for food borne pathogens. Commissioner Coe has been monitoring a group that is working within the local food system on fresh and local multi-species pasture raised animals and the necessity to have slaughter houses closer to the marketplace. The farm community of that working group prefers to remain with USDA meat inspections, but noted the USDA program must be more responsive to local needs.

The Director advised that progress was made regarding the food stamp program. The Michigan Department of Community Health (MDCH) did not want to impact any availability of fresh fruits and vegetables at farmers markets and were very receptive to developing a workable plan.

In response to inquiry from Commissioner Green, Director Creagh advised the department's past expenditures to investigate item pricing complaints was approximately \$100,000 annually. That funding comes from the Refined Petroleum Fund.

#### **DIRECTOR'S TRAVEL**

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

#### **PUBLIC COMMENT (AGENDA ITEMS ONLY)**

Other than Senator Walker, there was no other public comment relative to agenda items.

#### **FINAL DRAFT OF THE GENERALLY ACCEPTED AGRICULTURE MANAGEMENT PRACTICES (GAAMP) FOR FARM MARKETS: Tom Kalchick, Associate Director, Michigan State University Product Center and Task Force Chair; and Jim Johnson, Director, and Wayne Whitman, Right to Farm Program Manager, Environmental Stewardship Division**

Mr. Johnson advised the Commission is being asked today to approve the last of the eight sets of Generally Accepted Agriculture Management Practices (GAAMP), the one for Farm Markets.

Mr. Kalchick noted the Farm Market GAAMP Committee is a good combination of producers, representatives from regulatory agencies, association representatives, MSU personnel, and township interests. The 2007 census of agriculture indicates 6,373 Michigan farms were involved in selling directly to consumers, representing \$58,923,000 in sales, which is an increase of 58 percent from 2002. Because conflicts have arisen regarding oversight of these emerging on-farm businesses, in 2007, Governor Granholm appointed the Michigan Agriculture Tourism Advisory Commission. That Commission developed a set of recommendations, as well as an Agriculture Local Zoning Guidebook and a Model Zoning Ordinance Provision.

At that same time, the Michigan Commission of Agriculture appointed a Michigan Farm Market Task Force to address issues involving agri-tourism and other concerns within this direct marketing situation. One of the recommendations created a Farm Market GAAMP Task Force to write language that would provide standards for those parts of a farm market covered under the Right to Farm Act. The Task Force recognized that the Right to Farm Act (RTF) and a GAAMP could only address a portion of the issues relating to on-farm sales. The Farm Market GAAMP was written and approved by the Commission for the 2010 marketing season.

In May of 2010, the Task Force reviewed and revised the 2010 Farm Market GAAMP and met later to address concerns raised during the public review process. The major revisions proposed include 1) refine the timeframe to measure the 50 percent production provision; 2) remove reference to other activities that may be conducted at an on-farm market; 3) clarify definition of a qualifying processed product that contains multiple ingredients; 4) combine the driveways provision with parking; 5) refine issues that can be addressed under the RTF Act; 6) change driveway reference to vehicle access and egress; and 7) clarify that signs and external lighting are not addressed under the RTF Act. A list of activities was developed into a table format to clearly state those activities outside the scope of the Farm Market GAAMP, indicating the agencies that typically regulate various activities. The list serves as a guide for producers and to alert them there are limitations to the Farm Market GAAMP.

Commissioner Coe advised this version of the GAAMP is in response to his requesting additional revisions and he expressed his appreciation to Mr. Kalchik for his efforts on a very difficult task. Because the GAAMP reflects that the RTF Act can only address some of the issues around farm market activities, one of the recommendations indicates legislative action may be required to move beyond the regulation of local zoning and it will be the responsibility of the retail farm community to formulate that action. He recommended the Commission approve the 2011 Farm Market GAAMP as presented.

**MOTION: COMMISSIONER GREEN MOVED TO APPROVE THE 2011 GENERALLY ACCEPTED AGRICULTURAL AND MANAGEMENT PRACTICES FOR FARM MARKETS AS PRESENTED. COMMISSIONER HANSON SECONDED. MOTION CARRIED.**

**PRIMA CIVITAS FOUNDATION OVERVIEW: Steve Webster, CEO, Prima Civitas Foundation**

Mr. Webster reported one of the Governor's directives is to positively impact rural development statewide, initially through the programs and the people of the Department of Agriculture and Rural Development.

Mr. Webster introduced David Hollister, Senior Vice President of Strategic Planning and founding CEO of Prima Civitas Foundation (PCF). Mr. Hollister advised that PCF was founded in 2005 by President Simon at MSU to extend the assets of the university and other knowledge partners in a 21<sup>st</sup> Century world grant model to be more engaged in economic and community development. There is a state-wide board of directors at the helm of PCF, whose mission is to rapidly and effectively network the knowledge-based assets of Michigan with enterprises that are confronted with game changing opportunity

or challenge and to arrive at a locally agreed upon solution quickly and completely enough to make a difference.

Mr. Webster noted that in focusing on rural development, a process could be developed for assessing assets, developing a shared vision, creating a plan of initiatives, and executing the plan. Contributing sectors in rural development include a transportation, distribution, and logistics plan; food processing; workforce attraction, training, and development plan; entrepreneurship development plan, including domestic and international components; supply chain analysis; and governmental and nongovernmental shared services analysis. Other sectors include international factors of community readiness audits for global business, development of export strategies, and international workforce development; tourism development, both domestic and international; rural development finance; brand development for Michigan products; and developing an Upper Peninsula strategy.

Steps in the potential process were discussed, which are 1) identify geographic and sector leaders and stakeholders; 2) conduct key assets and sector analysis and map building block assets; 3) shared vision development using the National Science Foundation/Engineering Society of Detroit method with local leaders and other stakeholders; 4) develop a comprehensive plan, based upon findings of the assets analysis, subcomponent strategies, and shared vision; and 5) optionally, create a Cabinet level work group to partner with a blue ribbon implementation team to drive the plan.

A Cabinet level workgroup was suggested as an effective rural development strategy. Members of that workgroup might include the Michigan Department of Agriculture and Rural Development (MDARD), the Michigan Economic Development Corporation (MEDC), MDNR, MDEQ, key industry stakeholders, MSU, and PCF.

Commissioner Coe invited GreenStone Farm Credit Services President/CEO Dave Armstrong to add comments. Mr. Armstrong noted GreenStone has been very impressed by involvement of many partners in the industry in developing agricultural strategies. GreenStone has funding available to assist the various partners in helping to facilitate the businesses and make some of their plans a reality.

Commissioner Coe reported that MEDC has indicated they are ready to establish 10-12 regional offices across the state. Many regional community organizations already exist and others are being formed. A way to network those with MEDC regional offices would be extremely beneficial in overall collaboration efforts.

Director Creagh advised he has spent a considerable amount of time with Doug Smith of MEDC. The agencies have a commitment to develop those regions within an economic gardening concept. As we develop the process and define rural development policy, we recognize the need to work in collaboration with a number of individuals and partners. Commissioner Coe added that the Commission ready to support the department in any way possible.

Commissioner Fike suggested one area that should be added to the stakeholders section of the Cabinet level workgroup is the smaller producers in the state. Michigan Integrated Food and Farming Systems (MIFFS) is an organization that could aptly represent that group of producers. Commissioner Coe suggested that any additional comments on the plan could be submitted to PCF through the department.

### **MICHIGAN FARM BUREAU – SPECIAL PRESENTATION**

Michigan Farm Bureau (MFB) President Wayne Wood asked to briefly address the Commission. As a token of MFB's appreciation for the Commission's leadership and in conjunction with National Agricultural Week and Ag Day at the Capitol tomorrow, MFB presented each of the Commissioners with a basket of products from various Michigan agricultural producers. The Commission thanked President Wood for the generous expression of Michigan's agricultural bounty and for the advocacy provided by MFB, particularly in meeting with the Legislature on key issues.

### **2011 SURVEILLANCE NUMBERS AND MICHIGAN DEPARTMENT OF NATURAL RESOURCES MATHEMATICAL MODEL TO ERADICATE BOVINE TUBERCULOSIS IN MICHIGAN: Steve Schmitt, Wildlife Veterinarian, and Dan O'Brien, Veterinary Specialist, Wildlife Division, Michigan Department of Natural Resources; and James Averill, Bovine Tuberculosis Program Manager, Animal Industry Division**

Dr. Averill gave a brief history of Bovine Tuberculosis (TB) in Michigan, noting that in 1979, the state enjoyed bovine TB Free Status. In 1994, a positive white-tailed deer was confirmed; in 1998, the first positive cattle herd was identified; and in 2000, Michigan lost its TB Free Status. With the agriculture industry annually contributing over \$71.3 billion to the state's economy and Michigan's cattle industry currently at 1.1 million head, with an estimated value of \$6.4 billion, a great deal is at stake in Michigan with respect to Bovine TB.

Since the mid-1990s, program staff have conducted over 38,000 whole herd tests, leading to 1.8 million cattle being tested and 83,000 identified as Bovine TB suspects. Of those suspects, 138 cattle in Michigan were found to be positive for Bovine TB.

In reviewing the concentration of the 50 cattle herds having been found infected with Bovine TB through 2010, 84 percent have been within Alpena, Montmorency, Oscoda, and Alcona Counties in the northeast portion of the Lower Peninsula. Some have also been found in Presque Isle County and in the northwest corner of the Lower Peninsula.

In 2010, over 1,900 herds were tested, representing 77,000 cattle, and over 2,200 suspects were found. Four positive herds were identified during 2010, one each in Alcona and Alpena Counties, and two in Emmett County. All four herds are beef cattle operations, two of which were depopulated and the others are currently undergoing a test and removal process.

The Wildlife Risk Mitigation Project, which focuses on biosecurity practices on farm and how cattle and operations are managed, provides for preventive measures to be implemented by producers. With a total of 666 producers currently verified, the project is on target to reach a goal of 1,000 farms enrolled within three years.

Dr. Steve Schmitt reviewed statistics of the 2010 Bovine TB surveillance in Michigan's free-ranging white-tailed deer. Since 1975, a total of 188,980 deer have been tested, with 687 being Bovine TB positive. In 2010, 4,949 white-tailed deer were tested and 24 were confirmed positive. 2011 testing is ongoing, with one suspect to date.

Because deer density and deer concentration are the main factors affecting Bovine TB transmission, eradication strategies include keeping deer from concentrating by eliminating supplemental feeding and baiting, and reducing deer numbers through hunting to a level supported by the natural vegetation. Through these strategies, the prevalence in white-tailed deer within Deer Management Unit (DMU) 452 has decreased from nearly five percent in 1995 to 1.8 percent in 2010. In the five-county area just outside the DMU, prevalence is currently at 0.2 percent and farther out, it drops even further to 0.05 percent. However, looking at only the recent years, there is no significant decreasing trend in prevalence. Strategies need to be maintained to at least continue this rate. And, other means need to be implemented to continue toward eradication.

Evidence suggests that eradication of bovine TB, if it can be achieved, will take decades. Development of tools to help manage Bovine TB continues and the one with most promise is the oral TB vaccine. Several federal and state agencies are working on that vaccine in the key areas of efficacy, safety, delivery, percentage of deer population vaccinated, and approval to use vaccine in the field.

Dr. O'Brien reiterated that Bovine TB in white-tailed deer is endemic within the northeast Lower Peninsula, mainly concentrated in the area known as DMU452. While current management has been partially effective, there exists a need for better refinement of management options. To address this issue, the Australian Arthur Rylah Institute (ARI) and MDNR have been developing an epidemiological model of Bovine TB in deer. The model is spatially explicit to account for spatial variation in TB occurrence and the application of management. The model is stochastic so that uncertainty around effects of management can be addressed and it also simulates behavior of individual deer. Details and projections of the model were discussed, which allows for the numerous variations probable.

In conclusion, at least doubling of current harvest rates is required to eradicate Bovine TB within 30 years in the presence of baiting. An increase in harvest by 25 percent, along with vaccination and elimination of baiting, would also eradicate Bovine TB within 30 years. Model predictions are based on limited simulations and require confirmation and some model assumptions still need to be tested. Other management options, such as trapping, testing, and culling, also need to be tested.

In response to question from Commissioner Hanson, Dr. Averill confirmed the strain of Bovine TB found in white-tailed deer in Michigan is the same strain as that infecting the cattle herds in the state. That strain is also unique to Michigan only.

Considerable discussion ensued regarding various approaches toward reducing both concentration and density of the white-tailed deer population in Michigan in an effort to reduce costs to agricultural and residential communities, as well as the incidence of Bovine TB. Discussion included using baiting and feeding as a tool toward reducing

density, hunter incentives to increase harvest numbers, managed habitat on state lands, creating deer free areas, increasing hunter access to private lands, lengthening the hunting season, youth and other special group hunts, “earn a buck” programs, and equity in carrying the burden of the over-abundant deer population in Michigan. Considerations included the fact that hunters must support whatever program is implemented and they are most often reluctant to do so; once deer are eliminated from an area, other deer will move in; and improved habitat raises carrying capacity of the land.

In conclusion, the two agencies need to ensure the hunters continue to harvest at the current rates at the very least and a healthier herd could exist with reduced density based on interventions from both agencies. Through support from the Commission, MDNR and MDARD will continue to work toward solutions to the various issues involved.

**BOVINE TUBERCULOSIS ZONING ORDER – REVIEW OF PUBLIC COMMENTS: Brad Deacon, Emergency Management/Administrative Law Coordinator; and James Averill, Bovine Tuberculosis Program Manager, Animal Industry Division**

Brad Deacon reported the Animal Industry Act provides a framework and a mechanism for changing how we coordinate our efforts to eradicate Bovine TB. The Animal Industry Act states, “The director may develop, implement, and enforce scientifically based movement restrictions and requirements.” In accordance, on February 9, 2011, the Director issued a proposed order for the establishment of zones for Bovine TB. The proposed order will shrink the Modified Accredited Zone to four counties (Alcona, Alpena, Montmorency, and Oscoda) and make other changes, including official identification of cattle.

Before issuing the final zoning requirements, the department must undertake a number of steps in order to assure that there has been notice to the public about the proposed changes and opportunities for public comment. The department developed scientifically based zoning requirements with the advice from and consultation with the livestock industry through the Bovine Tuberculosis Advisory Committee, as well as the university and the veterinary profession. The original proposed zoning requirements were reviewed with the Commission during their February 9, 2011, meeting.

The department issued a press release on February 14, 2011, announcing the proposed order and the public input forums. Public forums were held on February 28 in Lansing, March 3 in Prescott, and March 4 in Hillman. At each of the forums, MDARD presented background information on the Bovine TB Program and reviewed the proposed order and its requirements. Attendees were invited to ask questions and encouraged to transmit any additional comments in writing which would be distributed to the Director and the Commission.

Attendees generally expressed support for the department’s ongoing effort to decrease the size of the zones and the requirements for cattle producers. The proposal to increase the number of Michigan counties designated as free of Bovine TB was met with support at all three meetings.

At Hillman, producers requested an informational session prior to the formal hearing. One person, Barry Rondeau of Alpena, provided a written list of questions, which were answered during that preliminary discussion period. At the Hillman hearing, as with most of the meetings in the core area, concerns were expressed regarding deer management. Overall, the department's efforts to shrink the zone to reduce transmission through the Wildlife Risk Mitigation Project were very well received.

Dr. Averill advised the Commission will be voting on the proposed zoning order during their April meeting, which would give the Director approval to sign the order. In response to question from Commissioner Coe, Dr. Averill advised this proposed order is in parallel with the split state status application and the renewal of the Memorandum of Understanding with USDA.

**AGRICULTURE PROCESSING RENAISSANCE ZONE – SHORELINE FRUIT, L.L.C.: Mike DiBernardo, Economic Development Specialist, Office of Agriculture Development; and Ken Swanson, Jason Warren, Don Gregory, and Nels Veliquette from Shoreline Fruit, L.L.C.; and Susan Novakoski, Michigan Economic Development Corporation**

Mr. DiBernardo introduced Ken Swanson, CEO of Shoreline Fruit, Jason Warren, CFO, Don Gregory, Chairman of the Board, and Nels Veliquette, Project Manager. He also introduced Susan Novakoski from MEDC. Mr. DiBernardo advised he is excited to bring this project forward to the Commission, which represents great collaboration between the locals, the county, the company, MEDC, and the department.

He reported that Shoreline Fruit, L.L.C., is a manufacturer of dried fruits and fruit concentrates. The company has processing facilities in Lyndonville, New York, and Yuba, Michigan. In late 2009/early 2010, Shoreline Fruit began working with a major international retailer on the development of a private label brand of dried tart cherries. Because of Shoreline Fruit's successful vertical integration of their facilities and commitment to the quality of their products, they were awarded the entire contract.

If Shoreline Fruit meets the project requirements, they will receive the full 15 years of benefit from the APRZ designation, the term of which would be January 1, 2012, through December 31, 2026. Both Acme Township and Grand Traverse County have passed resolutions approving the designation of an APRZ and the full 15-year tax abatement. The Office of Agriculture Development recommends the Commission approve the resolution in support of the APRZ designation for Shoreline Fruit, L.C.C., as presented.

Mr. Swanson advised Shoreline Fruit was founded in 2001 with the purchase of a small drying operation in western New York to begin producing dried cherries. In 2005, the company moved that operation to Michigan, installing a continuous drying facility for cherries in Traverse City, which has been a very successful enterprise. The company has been able to focus on quality product and customer service, to the point the plant is out of capacity. The current dryer produces about six million pounds of dried product per year and they are proposing to double that capacity with the new dryer, with over 80 percent of that being cherries. They are proposing a \$7.5 million project, which will create from 45-70 jobs depending upon structure.

Commissioner Coe, having attended Shoreline Fruit's presentations to Acme Township, the Grand Traverse County Ways and Means Committee, and the Grand Traverse County Commission, noted that each of those local units of government gave a unanimous vote of support for the project. The growers, the farming community, and their competitors also supported the project.

Commissioner Fike asked if the tart cherry acreage could support the expansion. Mr. Swanson advised there actually is an oversupply of tart cherries and the drying section of the market is the primary segment in the industry that is growing. Mr. Gregory noted this project will allow dried cherries to reach new markets. Mr. Veliquette added they are very happy to have a means of using those cherries that are available.

Director Creagh recognized the contributions of MEDC and Susan Novakoski, noting they were critical in this process. Consistent with their support of local businesses, MEDC is in partnership with MDARD as we move forward with rural development efforts.

Mr. Swanson advised the cooperation during the entire project has been great, from the township level to the state level. Commissioner Coe asked if there were any hardships or impediments through the process. Mr. Veliquette advised he would have a very difficult time coming up with any problem areas. The collaboration that started at the state level made a large impression on the township and county administrators; it helped the locals feel comfortable with the project. The locals and municipal agencies had numerous questions and the state was there at every turn to help with that education process. Mr. Warren advised one challenge was helping people understand the impact that agricultural processing companies have on the economy and the sophistication that is involved. Food processing is a value-added industry that offers a great deal of employment in the agricultural arena.

**MOTION: COMMISSIONER GREEN MOVED TO SUPPORT A RESOLUTION TO APPROVE THE PROPOSED AGRICULTURAL PROCESSING RENAISSANCE ZONE DESIGNATION WITH SHORELINE FRUIT, L.C.C., AND GRAND TRAVERSE COUNTY, MICHIGAN. COMMISSIONER FIKE SECONDED. MOTION CARRIED UNANIMOUSLY.**

Commissioner Coe advised that, be it resolved, the Michigan Commission of Agriculture and Rural Development recommends that the application for a proposed agricultural processing facility submitted by Grand Traverse County, Michigan, and Shoreline Fruit, L.L.C., be designated by the Michigan State Administrative Board as an Agricultural Processing Renaissance Zone, and requests that a copy of this resolution be provided to them, as well as to the Michigan Strategic Fund Board.

Mr. Veliquette advised it would be his pleasure to give testimony at any time to assist with future APRZ designations, or toward an increase in the number of designations available. For someone who has dealt with local government for many years, this process impressed him in the way it was moved forward and the level of involvement from MEDC and MDARD. On behalf of Shoreline Fruit, Mr. Veliquette thanked the Commission for their support of the project.

**APRIL 27 MICHIGAN FOOD PROCESSORS SUMMIT: Mike DiBernardo, Economic Development Specialist, Office of Agriculture Development**

Mr. DiBernardo announced that, in recognition that Michigan's vibrant and growing food processing industry remains a major part of Michigan's economic growth and success, a second Michigan Food Processors Summit is being held on April 27, 2011, at Eagle Eye Golf Club, in Bath. This collaborative event is sponsored in part by Varnum Law, in partnership with MDARD, MSU Product Center, Michigan Economic Development Corporation (MEDC), and USDA Rural Development.

The one-day event will bring together Michigan food processors and regulatory and economic development leaders to address challenges and discuss opportunities to support the continued growth of the industry in Michigan. Sessions will include industry-specific breakout sessions for processors in various categories. Directors Creagh, Wyant, and Stokes will be part of a Strategy for Growth Panel that will be conducted in the morning. A second panel will include MEDC President/CEO, Michael Finney, Greenstone CEO, Dave Armstrong, and Jim Turner, State Director, USDA Rural Development. The day's agenda also includes an update on the Ground Water Discharge Permit, as well as breakout sessions addressing some of the core sectors of the industry to discuss opportunities to help those industries grow.

Commissioner Coe encouraged the Commissioners to attend the Summit if possible. Mr. DiBernardo advised the department plans to provide the Commission with a summary and action report following the summit.

**REVISED COMMISSION POLICY MANUAL: Brad Deacon, Emergency Management / Administrative Law Coordinator**

Commissioner Coe noted each Commissioner received copies of the proposed changes to the Commission Policy Manual for review over the last few weeks. With the two Executive Orders, there has been a change in the role of the Commission. His interpretation is that the Commission is appointed by the Governor and is an arm of the Executive Branch, and by legislation, is bipartisan with members from the agriculture community who are geographically dispersed. Members of the Commission are not prohibited from taking individual positions. The Commission itself, as part of the Executive Office, has some obligation to support the Administration's direction.

Around the Commission's responsibility to collaborate with the Governor in development of policy, Commissioner Green noted that has not happened regarding the potential tax credit effects on P.A. 116. Director Creagh confirmed the Executive Office is allowing the department to drive policy and the Lt. Governor's office has met with the department to understand the basic tenants of P.A. 116. At this point, there has been no change to P.A. 116 and the Administration is clearly interested in the Commission's policy.

Commissioner Fike asked if the Commission is in conflict with something coming out of the Governor's office, how is that resolved. Director Creagh advised that if the Commission has concerns, opinions, or policy direction which differs from that of the Governor's office, he and the Governor's office would appreciate knowing so they can align policies and strategies. Specifics around the current status of P.A. 116 were

discussed and Director Creagh confirmed the Administration would actively engage any policy recommendations forthcoming from the Commission.

Mr. Deacon reported the majority of the proposed revisions to the Commission Policy Manual were stipulated by Executive Order 2011-2, which renamed the department as the Michigan Department of Agriculture and Rural Development and restored the historic authority of the Commission, except for the selection of the department director. The Commission was also renamed as the Michigan Commission of Agriculture and Rural Development.

Specific revisions were made to the Overview section to incorporate responsibilities relative to rural development. Language was added in the Policy Development section to recognize the close operational relationships of the department and the Commission with DEQ, DNR, and the Natural Resources Commission as they strive toward promoting quality of life in Michigan. Based on a policy document developed by a department workgroup, several policy statements were also added.

Policy Two, Equal Employment Opportunity, was revised to emphasize promotion of diversity in the workplace. Policy Four, Promotion of Agriculture, was revised to reflect rural development strategies. Because Executive Directives do not carryover from one administration to another, reference to E.D. 2003-1 and 2007-24 were also removed. Two additional revisions need to be made to incorporate the new department letterhead and revise the department name on page five.

**MOTION: COMMISSIONER HANSON MOVED TO APPROVE THE REVISIONS TO THE MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT POLICIES AS PRESENTED. COMMISSIONER GREEN SECONDED. MOTION CARRIED.**

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

Mr. Bajema noted that he and Director Creagh have been to various legislators' offices over the last two months to discuss Michigan agriculture and the views of the Commission and the department in directing the reinvention of Michigan.

Public Acts 1 and 2 were signed into law by the Governor last week. Public Act 2 codifies the Michigan Agriculture Environmental Assurance Program (MAEAP) and places it into statute, which is an important step toward funding of the program. Public Act 1 offers incentives and will hopefully drive us toward the stated goal of having 5,000 farms MAEAP verified and 80 percent of production agriculture MAEAP certified. Being these were the first bills signed by the Governor, this clearly demonstrates his commitment to the agriculture industry.

House Bill 4158, which deals with item pricing, should be signed into law this week. The department is being very clear that its role in scanner verification is to provide consumer protection. Costs associated with that role are approximately \$108,000 annually.

Senate Bill 144 provides access for agricultural processing in the 21<sup>st</sup> Century Jobs Fund. It could be on the Governor's desk as soon as next week. In conjunction with

MEDC, the department provided testimony before three committees, highlighting that partnership. Recently, \$25 million of the 21<sup>st</sup> Century Job Fund was signed into the Pure Michigan funds and a significant portion of that advertising will highlight Michigan agriculture.

Two recent pieces of legislation include House Bill 4306, which would outsource school food service programs, and House Bill 4305 dealing with immigration law. Representative Agema is interested in beginning discussions on these types of issues and, although not lead on the bills, the department will be involved in discussions and their potential impact on agriculture.

In response to questions from Commissioner Fike regarding Senate Bill 32, relative to selling and tasting wine at farmers markets, Mr. Bajema advised the department has been discussing the bill; however, no meetings have been scheduled. On the Cottage Food bill, he advised concerns have been raised because it would bring the threshold above that for small food processors and congruency between policies must be maintained. It has not yet been scheduled for committee.

The department continues to be involved in discussions regarding captive cervid and sporting swine. Although MDARD is not lead on either bill, the department has been very transparent about the need for dedicated funding necessary to support rigorous regulation. Director Creagh noted the department has carried the Commission's message regarding sporting swine in that it must be strong regulation or a ban, it must be adequately funded, MDARD must handle animal health within the fence, and it must be appropriately sited by DNR. Commissioner Coe noted another item on behalf of the Commission should be added – there must be severe penalties imposed for violations, particularly for the inadequate control of animals. Director Creagh advised he would add that to his talking points.

Mr. Bajema has attended five meetings of the House Agriculture Processing Subcommittee that is looking at impediments to that industry. The department has also been involved in numerous meetings in the House and Senate regarding the budget.

Having caught the bullet point in the budget talking points affecting P.A. 116, the department immediately clarified that enrollment and renewal for the balance of 90 years can continue through the end of this year. The department also met with the Lt. Governor, relating the history of the program and looks forward to working with the Commission on their ideas to ensure Michigan farmland taxation does not place Michigan farmers at a competitive disadvantage to surrounding states.

The Director encouraged the Commission to contact Mr. Bajema for updates on any of the various legislative issues.

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

Ms. Epkey provided a brief update on the budget, noting the Governor released his 2012 budget proposal in February. That proposal included \$45.9 billion for the state, with \$8.1 billion in general funds. The Governor is looking at reinventing Michigan – how we address some of the tax structure issues and how we do things differently. In terms of

MDARD, the budget proposal includes \$71 million, including \$27 million in general funds. The budget supports many of the key programs, such as the food safety Program, MAEAP, Right to Farm, and the Migrant Labor Housing Program.

Because of the \$3 million general fund reduction in the department's 2012 budget, there are some program reductions. Major issues include a change in the Dairy Program. Although MDARD would continue to conduct inspections at the milk processing plants, moving toward the certified field representative approach for other inspections is planned. In the Nursery Program, the department would continue to inspect shipments going out of state, with more of a risk-based approach for shipments within the state. In the Bovine TB Program, cost savings associated with the continual work to shrink the TB Zone are being considered. Within the Intercounty Drains and the Producer Security Programs, alternative funding options are being explored. We are looking at how we can change business within the department.

Budget hearings have begun and the department has met with the both the Senate and House Appropriations Subcommittees. MDARD has answered a number of questions in terms of how the department will implement some of the proposed changes, as well as receiving industry support during those meetings.

In response to question from Commissioner Coe, Ms. Epkey advised the Legislature has the tendency to unroll the budget in its current format for transparency purposes. Director Creagh advised the roll-up budget is advantageous to the department in that it allows spending for key projects based upon their priority and would avoid having to submit supplemental requests or funding transfers. Commissioner Coe advised that position should be supported by the Commission.

### **COMMISSIONER ISSUES**

Commissioner Coe reviewed a resolution before the Commission in support of the New International Trade Crossing. The resolution states in part, be it resolved that the Michigan Commission of Agriculture and Rural Development supports the proposed New International Trade Crossing to connect Detroit to Windsor, Ontario; and, further be it resolved that the Michigan Commission of Agriculture and Rural Development transmits copies of this resolution to Governor Rick Snyder and the Michigan Legislature.

**MOTION: COMMISSIONER GREEN MOVED THE RESOLUTION IN SUPPORT OF THE NEW INTERNATIONAL TRADE CROSSING BE ADOPTED AND COPIES TRANSMITTED TO GOVERNOR RICK SNYDER AND THE MICHIGAN LEGISLATURE. COMMISSIONER FIKE SECONDED. MOTION CARRIED.**

### **PUBLIC COMMENT**

**Tonia Ritter, Michigan Farm Bureau (MFB)**, thanked those Commissioners and staff who were able to join MFB's Legislative Seminar recently. Their members appreciated the opportunity to talk not only with legislators, but to interact with the Commissioners and MDARD staff.

MFB thanks the Commission and the department for their hard work and support with the MAEAP legislation recently signed by the Governor. The agricultural community has been working toward that effort for some time and was very pleased to see those signed into law. That would not have happened without the support of this Commission and department staff.

Regarding the MDARD budget, she mentioned the Farmland and Open Space Preservation Act is something of major concern for their organization. While it is a very important program for MFB members, they are willing to discuss alternatives. MFB wants to be a partner in budget discussions and is supporting additional funding for agriculture.

MFB has been monitoring discussion on baiting and feeding and will be advocating for their policy which opposes baiting and feeding. They are, however, willing to be a part of any other creative discussions relative to reducing the deer population. MFB has recognized historically that members are criticized relative to hunter access. For at least three years, they have attempted an experimental program in partnering with the Michigan United Conservation Clubs and MDNR to provide specific types of hunter access, such as disabled vets and youth. Although members advised they were willing to have these hunters come onto their property, participation was disappointing.

Commissioner Coe advised that some farmers are concerned about liability, damage to property, and lack of valid incentive for the farmer. Commissioner Kennedy added that many farmers are hunters themselves and are reluctant to give access to other hunters. Ms. Ritter advised that although hunter liability protection does exist for their members, the critical issue is trust of those hunters. MFB will continue to work on this issue and is willing to be helpful in any way they can.

In response to questions from Commissioner Coe, Ms. Ritter advised MFB tends to defer labor issues to the national level, in particular, immigration issues. MFB is reviewing the immigration enforcement legislation recently introduced in Michigan. Commissioner Coe encouraged MFB to develop a position in this regard.

No public other comment was requested.

## **ADJOURN**

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

The meeting was adjourned at 12:35 p.m.

### Attachments:

- A) *Agenda*
- B) *Agriculture Commission Meeting Minutes February 9, 2011*
- C) *Director Keith Creagh – Issues of Interest Report*
- D) *2011 Draft Farm Market GAAMP*
- E) *Prima Civitas Foundation Background Brochure*
- F) *Prima Civitas Foundation Presentation*
- G) *MDA Bovine TB Program Presentation*

- H) *DNR 2010 Bovine TB Surveillance Presentation*
- I) *Management of Bovine TB in White-Tailed Deer Within DMU452 Presentation*
- J) *Journal of Applied Ecology Article, "Management of Bovine TB in Brushtail Possums in New Zealand: Predictions From a Spatially Explicit, Individual-Based Model"*
- K) *MDA Bovine TB Eradication Program Proposed Director's Order Public Hearing and Comment Report*
- L) *APRZ – Shoreline Fruit, L.C.C.*
- M) *April 27 Michigan Food Processors Summit*
- N) *Revised Commission Policy Manual*
- O) *Legislative Status – February 2011*
- P) *Resolution in Support of the New International Trade Crossing*