

# MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT

GreenStone Farm Credit Services  
Corporate Offices, Training Room  
3515 West Road  
East Lansing, MI 48823

## MEETING MINUTES JUNE 15, 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 9:07 a.m. on June 15, 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 JUNE 15, 2011. SECONDED BY COMMISSIONER KENNEDY. MOTION CARRIED.**

### **INTRODUCTIONS**

Commissioner Coe introduced Jay Johnson, the new Director of the Michigan Field Office, US Department of Agriculture (USDA) National Agricultural Statistics Service. He also recognized Jerry Crandall, reporter for MIRS, who is retiring after today. Mr. Crandall introduced his replacement, Emily Lawler, who is a recent graduate of Michigan State University.

### **APPROVAL OF APRIL 13, 2011, MEETING MINUTES**

**MOTION: COMMISSIONER FIKE MOVED TO APPROVE THE APRIL 13, 2011, MEETING MINUTES. SECONDED BY COMMISSIONER KENNEDY. MOTION CARRIED.**

### **NEXT SCHEDULED MEETING**

The next scheduled meeting will be held on Tuesday, July 19, 2011, at the Geagley Laboratory, 1615 W. Harrison Road, East Lansing, Michigan.

## **COMMISSIONERS' TRAVEL**

Commissioners Coe, Fike, Hanson, and Kennedy traveled to attend last evening's Commission dinner and today's meeting. Commissioner Hanson also traveled to Escanaba May 19 for a biomass meeting; and on May 21, she met with a group of Growing Upper Peninsula (UP) farmers in Chatham to discuss Bovine Tuberculosis issues. Commissioner Fike also traveled to East Lansing on May 31 for the Farm Bill Hearing. Commissioner Coe also attended the May 12 Natural Resources Commission meeting in Flint for discussion on baiting and feeding; and on May 31, he joined Senator Stabenow's Farm Bill Hearing in East Lansing.

The Director reported his only out-of-state travel recently was to Chicago to participate in a meeting regarding a potential new cheese plant.

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

## **COMMISSIONER COMMENTS:**

**Commissioner Kennedy** reported with the late spring, most planting is at least two weeks behind schedule. Approximately 20 percent of the corn acreage was not planted, having gone to soybeans or insurance claims. Prices will most likely remain high because acreage is down nationwide. It will be a challenging year for farmers.

**Commissioner Hanson** reported planting is also two weeks or more behind in the Upper Peninsula (UP). The western part of the UP is experiencing problems with wolves, with one producer having lost 20 calves and one cow to wolves this spring.

**Commissioner Fike** attended the Community Foods Caring Coalition National Conference on Food Policy Councils in Portland, Oregon, which emphasized the growing interest in forming local and regional food policy councils to improve both access and viability of local foods. During the May 31 Farm Bill Hearing, of concern to regional food systems in southeast Michigan is that the US Department of Agriculture (USDA) Beginning Farmer and Rancher Program grant funding is slated to not be included in the 2012 Farm Bill. Retaining this funding is critical as we begin to replace the aging Michigan farmers. Specialty Crop Block Grant funding is of particular interest, especially in light of the great diversity of specialty crops produced in Michigan. Food access is very important in the Farm Bill, especially SNAP (Supplemental Nutrition Assistance Program) that impacts low income populations. We need to ensure that funding continues for that program and for the various conservation programs, for which cuts have already been proposed.

**Commissioner Green** also attended the May 31 Farm Bill Hearing, noting concern with the statistic quoted relating to the age of Michigan's farm population. Many farms are actually operated by their children and he questioned which operators are being considered in the profile, as he feels the reflective aging of Michigan's farming population is not accurate. He noted Michigan is very fortunate in having Senator Stabenow as Chair of the Agriculture Committee and Michigan should benefit from that position. His farm has finally planted their corn and they look forward to a good year.

Currently, the dairy industry appears to be in a better economic position than the various livestock operations.

**Commissioner Coe** attended the April 19 Rural Development Conference at Crystal Mountain, which drew attendees from across the state, although none from that local area. All state agencies are working diligently to communicate the Governor's message that regional rural development will be job and investment focused; however, local governments need to be involved and to realize that part of their responsibility is the economic viability of their own communities.

On May 12, during the Natural Resources Commission (NRC) meeting, the NRC Chair encouragingly communicated they understand that baiting and feeding and the deer population are issues of concern to agriculture. Commissioner Coe thanked the Director for facilitating conference calls to share concerns on these issues. With the outcome of that decision also came commitments from the Michigan Department of Natural Resources (MDNR) and NRC that they will work on finding a way to manage habitat improvement in state parks and forestlands in an attempt to keep deer within those areas. He applauded the Quality of Life agencies for working together on the issues.

During the Farm Bill meeting May 31, educational research issues were emphasized, individual agriculture economic sectors spoke, and production agriculture issues were addressed. Senator Stabenow's message was very clear that the 2012 Farm Bill will not enjoy the same level of funding as in the past. The Senator also made several regional visits in Michigan, covering many sectors of the agriculture community. With her now having additional staff members to review various segments of the Farm Bill, it behooves us to ensure those staff members are well educated on the various issues.

### **DIRECTOR'S REPORT**

Director Creagh expressed his appreciation for the Commission's leadership and engagement in the various issues currently facing agriculture and rural development. He reported the Quality of Life Cluster concept is working very effectively. He also expressed appreciation to Department of Transportation (MDOT) Director Steudle for his engagement on rural development activities.

Senator Stabenow spent considerable time with staff on Michigan Agriculture Environmental Assurance Program (MAEAP) verified farms. There is specific interest on how MAEAP-type activities can be incentivized under the Farm Bill. Additionally, the department is working directly with her office on National Pollutant Discharge Elimination System (NPDES) permits for aquatic issues; money is being allocated for the Wildlife Risk Mitigation Project in northwest Michigan; and funds were made available for Saginaw Bay and Lake Erie. The department appreciates the Senator's engagement in those agricultural issues.

He announced the selection of several new division directors for the department and introduced each of them: Dr. James Averill as the Animal Industry Division (AID) Director, Kevin Besey as the Food and Dairy Division (FDD) Director, and Gina Alessandri as the Pesticide and Plant Pest Management (PMMM) Division Director. He noted these individuals, along with recently appointed Laboratory Director Bonnie Moon,

bring with them a tremendous amount of industry understanding and expertise which is vital to help us increase opportunities for the state's agricultural-based businesses. Their combined institutional knowledge, established industry relationships, and enthusiasm for the agri-food sector will help the Michigan Department of Agriculture and Rural Development (MDARD) maintain its reputation for being customer centered. The Commission welcomed the directors in their new roles with the department.

Director Creagh advised the Rural Development Strategy has been discussed within the Administration and there is agreement to ensure MDARD is aligned with the Michigan Economic Development Corporation (MEDC) and to create synergism around those programs.

The department is focused on supporting efforts to construct a new bridge to Canada to assist exports from Michigan. The agriculture industry has expressed the critical need to improve the infrastructure vital to exporting their products.

He highlighted some of the numerous meetings he has attended since the last Commission meeting, as well as noting those planned in the near future. Discussions were held with the Governor's representation on the Council Foundations to discuss mutual interest in rural development. An aquaculture meeting was held yesterday to discuss opportunities for expanding that industry. Expansion plans will be discussed with Gerber in the near future.

Migrant labor has been the topic of several meetings recently, with a focus on how to build capacities and programs, the potential of public service announcements to target available workers, and working with Senator Stabenow's office and the Department of Labor in an effort to improve the migrant labor situation.

The recent Food Processors Summit was very successful, during which specific issues were identified. Each agency of the Quality of Life Cluster emphasized the importance of resolving those issues to allow producers to retain and grow their businesses.

The commodity groups are again sponsoring an Environmental Protection Agency (EPA) Decision-Making Tour. Also, an EPA tour focused on MAEAP is scheduled for June 29.

Because of the Quality of Life Cluster efforts, sharing of some services has been implemented. MDARD's Human Resources (HR) Director, Tami Eyer, is now the HR Director over the Cluster and providing that leadership. Other services, such as fleet management, marketing, and web services, are also being shared and providing effective efficiencies as a result.

In response to question from Commissioner Coe, the Director advised the MAEAP Advisory Council is now formed and is on schedule for developing the standards for acceptable practices, which will be presented to the Commission for approval in September. Improving visibility of the program and addressing operational issues of farms already certified are some of the next steps.

Commissioner Coe reported there are numerous producers in his area dependent upon migrant labor to harvest their crops. He requested the department and the Commission continue to actively influence the Legislature on any issues that would make it more difficult for migrant workers once they are in Michigan.

Commissioner Coe noted an issue discussed at Senator Stabenow's meeting in his region relative to the Farm to School Program. It was reported that 80 percent of the fresh food distributed to schools through the Department of Defense funding is destroyed because it is too old once delivered. The Director advised that Bill Bobier will follow-up with the Senator Stabenow's office on what action could be taken to improve this situation.

### **DIRECTOR'S TRAVEL**

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

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

**Jay Johnson**, Michigan Field Office Director, USDA National Agricultural Statistics Services, advised he has been with the services for 23 years, including a recent focus on security processes to protect confidential commodity reports. He is excited to be directing activities in Michigan and looks forward to working with the department and the Commission.

In response to comments from Commissioner Green, Mr. Johnson advised the farm profile statistic most often cited is that of the principal operator, who often times is the senior member of the family. Recognizing succession issues, in 2002 they began to collect brief demographic data on up to three partners. While there are 2.5 million farms in the US, there are about 3.1 million operators, and that additional information regarding next generation producers is now available.

Commissioner Coe noted another issue that has frequently arisen is that of employment statistics. For example, on his farm, he employs 30 individuals; however, the only one reported as agriculture employment works in the vineyard. This results in agricultural employment numbers being consistently understated and creates problems when trying to emphasize the importance of the agriculture industry. If there were some way to cross reference those product employment codes, it would be very helpful.

**Kali Fox, Mid-Michigan Regional Manager for Senator Stabenow's office**, noted Senator Stabenow held the first Farm Bill Field Hearing on May 31 at Michigan State University (MSU), with a tremendous attendance of over 300 people. MSU, production agriculture, and agriculture stakeholders hosted the various panels. Supplementary public comment can be submitted as additional Field Hearings are announced. The Senator also toured the Great Lakes Bioenergy Center and the Diagnostic Center for Animal and Population Health at MSU. The following day, the Senator toured a facility with Bovine Tuberculosis (TB), as well as other agriculture facilities.

In the meantime, several other staff members participated in a diverse agriculture tour of the west side of Michigan, visiting several different operations. She thanked the department, in particular Jim Johnson and staff, for making these tours possible. It

provided a tremendous overview for the Senator's staff. Another tour is being planned in August to visit operations on the east side of the state.

With the announcement of funds for Bovine Tuberculosis and Great Lakes Restoration, the week was rich with agriculture. They look forward to continuing that throughout the 2012 Farm Bill process.

There was no other public comment relative to agenda items.

**EXPORTER OF THE YEAR AWARD AND COMMISSION RESOLUTION: Jamie Zmitko-Somers, International Marketing Manager, Office of Agriculture Development**

Commissioner Coe presented Cherry Central Cooperative, Inc., of Traverse City, with the department's 2010 Exporter of the Year award. Ms. Zmitko-Somers noted the company is honored for its ability to expand into new markets and significant export sales growth over the last three years, among other achievements. The department applauds their success and recognized them for the key role they are playing to grow and diversify the state's economy. Exports are extremely important for Michigan, as the state's agricultural exports generate \$1.68 billion annually and currently employ about 19,000 people. This year's recipient, just as those in previous years, exemplifies Michigan's agricultural diversity and highlights that over one-third of our state's agricultural commodities are exported every year.

Richard Bogard, President and CEO of Cherry Central, advised they are pleased and honored to be named the 2010 Michigan Agriculture Exporter of the Year. Having been in business over 38 years, Cherry Central exports to over 24 markets and has seen an increase of over 20 percent in their export business of Michigan grown fruits, including apples, blueberries, cherries, asparagus, and cranberries. He extended his appreciation to the department for their assistance, in particular, the efforts of Jamie Zmitko-Somers toward their marketing programs.

**MOTION: COMMISSIONER FIKE MOVED APPROVAL OF THE RESOLUTION RECOGNIZING CHERRY CENTRAL COOPERATIVE, INC., AS THE 2010 MICHIGAN AGRICULTURE EXPORTER OF THE YEAR. SECONDED BY COMMISSIONER GREEN. MOTION CARRIED.**

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

Ms. Epkey reported the 2012 budget was formally presented to the Governor by the Legislature on June 7, which included House Bills 4526 and 4325. Those bills include a \$47 billion state-wide budget, with \$8.3 billion for General Fund. Looking at reinventing Michigan, the budget proposal incorporates the elimination of the Michigan Business Tax and moves to the six percent corporate tax, benefiting smaller businesses. Early completion of the budget this year allows the department to better plan for the future.

MDARD's budget for fiscal year 2012 continues to support the overall department mission to assure the food safety, agricultural, environmental, and economic interests of the people of the State of Michigan through service, partnership, and collaboration. The department's fiscal year 2012 budget is \$72.2 million, including \$28.7 million in general funds. This is a five percent general fund reduction from the previous fiscal

year. The budget adds \$125,000 of funding for increased rural development efforts by the department. It incorporates the retirement savings resulting from the retirement incentive last fall, which saw 50 employees leave the department. We have been able to replace about one for two of those retired individuals that were general fund.

The department's budget supports the Michigan Agriculture Environmental Assurance Program, Right-to-Farm, Migrant Labor Housing, Producer Security, and Motor Fuel Quality Programs at current funding levels. It also supports \$425,000 of funding for the Inter-county Drains Program. Retirement savings of \$1 million are included for the Food Safety, Milk Safety, Pesticide and Plant Pest Management, and Laboratory Programs. No additional reductions are included for Food Safety or Milk Safety Programs.

The department's budget reflects \$1.5 million of projected savings for upcoming program changes to the Bovine Tuberculosis, Nursery Inspection, Laboratory Testing, and Feed Sampling Programs. In conjunction with expecting to move all but 11 counties in the northern Lower Peninsula to Bovine TB-Free status, MDARD will discontinue animal inspection activities at the Mackinac Bridge on October 1, 2011.

MDARD will work with the industry to revise the department's inspection process for nurseries that only distribute nursery stock within the state. This will result in placing greater emphasis on inspections of plant material distributed for international export and inter-state sales to ensure they meet phytosanitary requirements of those destinations. The Laboratory will limit testing to food-borne illness investigations and complaints-based testing and reduce ongoing marketplace sample analysis. In the feed testing program, MDARD will strengthen food safety efforts by focusing the sampling program on feed contaminants.

Overall, the budget is encouraging in that we are now able to build for the future and have discussions regarding long-term planning. Any input from the Commission in that effort is welcome.

**BROADBAND DEVELOPMENT IN MICHIGAN: Eric Swanson, Director for Shared Solutions and Technology Partnerships, Michigan Department of Technology, Management, and Budget (DTMB)**

Mr. Swanson thanked the Commission for the opportunity to present today, noting there is tremendous opportunity to expand upon broadband technology. He provided background regarding American Recovery and Reinvestment Act (ARRA) stimulus funds, which allowed them to target some of the \$7.2 billion available for broadband development. \$4.7 billion was designated for the Broadband Technology Opportunities Program, including middle and last-mile infrastructure, public computing centers, and sustainable adoption. Another \$2.5 billion was made available within USDA dedicated to the Broadband Initiatives Program. This resulted in a highly competitive effort across the state to obtain funds by meeting the criteria through organizing local communities, governments, and the private sector in an unprecedented effort to collectively apply for the dollars available to make the strategic investments necessary. Details of the first two rounds of awards were reviewed, including several companies who received funds for the last-mile efforts to reach citizens and businesses. In total, \$247 million was awarded

in Michigan. Michigan did very well, all because our stakeholder communities came together.

He explained that middle-mile infrastructure is building the high-speed backbone fiber throughout the state, similar to the interstates that allow heavy traffic to flow. Last-mile jumps off from that high-speed fiber to reach the individual customers.

He reviewed the middle-mile build-out to date, noting there is significant capacity in the southern part of the state, because it was built around dense urban areas. Since then, 2,500 miles of high-speed fiber has been built as a result of Merit Network partnering with the private sector to build across the state. It has provided a place in every rural community for providers to jump off and provide service to citizens.

Another grant component was for MSU to build out capacity in terms of public computing centers. They work with libraries, non-profits, etc., and are currently building capacity in over 300 public locations across the state offering high-speed internet access to citizens and businesses.

Connect Michigan was contracted to track types and availability of broadband access across the state. An address can be entered into [www.connectmi.org](http://www.connectmi.org) and available providers will be listed. The website also contains a great deal of other information.

During the project, it was discovered that duplicative networks existed creating excess capacity. Another mission is to discover how best to utilize this excess. Employee mobility, workforce productivity, videoconferencing, and space consolidation can all be realized through collaboration.

If broadband is not available in an area, local governments can implement several approaches. They can work with leaders to sell their community, inventory potential markets for broadband (citizens, businesses, assets available, and neighboring communities), and identify potential internet service providers. Additionally, local governments can focus on adoption by understanding their demographic needs and promote public computing centers.

If broadband is available, governments should focus on adoption by understanding the demographic needs, focusing on groups not adopting broadband with specific programs for them, and promoting public computing centers available. He discussed shared network opportunities, explaining it can provide for sharing existing telecommunications infrastructure, increase capacity with existing telecommunications infrastructure while reducing costs, and allow for leveraging costs.

He offered to share his presentation with anyone requesting. He can be reached at [swansone@Michigan.gov](mailto:swansone@Michigan.gov) or 517.373.7910.

In response to question from Commissioner Coe, Mr. Swanson advised the Commissioners could help with awareness and promotion of what is happening in broadband development. Vertical assets, such as farm buildings, are a huge asset and can readily be used in assisting potential providers to reach customers. If those assets

can be inventoried and presented to providers, it would provide a large market advantage, as using existing structures affords a definite cost advantage to building towers. In addition, DTMB is aggressively pursuing the potential of using some of the 280 public safety towers in the state.

**MERIT NETWORK BROADBAND DEVELOPMENT: Donald Welch, Ph.D., President and CEO, Merit Network, Inc.**

Dr. Welch thanked the Commission for the opportunity to present today. He noted that high-speed networking is a strategic advantage for organizations in Michigan, especially for research and education. Digital networks today are like the railroad and interstate highways – they are essential ingredients in economic development and job creation in a state or region. With over four decades of networking experience, Merit Network is Michigan's most experienced network provider.

Merit Network was founded in 1966 as a nonprofit organization. Governed by Michigan's public universities, it provides high-performance networking to higher education, K-12, libraries, healthcare, government, research, and other nonprofit and service organizations. Merit operates Michigan's most robust and comprehensive internet provider (IP) network. The Merit backbone is the core of networking capability and connectivity in the State of Michigan. Once they complete building their backbone infrastructure, the opportunity to be connected to the global information grid will be the same, regardless of where one is located in Michigan – this will make a huge difference in the way we can operate and do business.

Funded through ARRA grants, the Rural, Education, Anchor, Community, and Healthcare – Michigan Middle-Mile Collaborative (REACH-3MC) is the middle-mile project that will add 1,017 miles of 72-strand fiber to Merit's existing 1,600-plus mile backbone network. Merit and sub-recipients will each own strands in a shared infrastructure. Merit's portion of the fiber will allow state and local governments, schools, libraries, healthcare facilities, and other anchor institutions to connect to Merit's private, high-performance network, which will enable them to lower costs, consolidate services, and provide more to Michigan's citizens.

Merit compiled the application for funds, is building and overseeing the project, and ensuring it is being done right. They are working with seven commercial providers who will own 85 percent of the fiber stand miles and will focus on completing middle-mile service to existing internet service providers, or bringing last-mile service directly to the homes and businesses themselves.

Dr. Welch reviewed details and specifics of the project to date, upcoming construction starts, and a pictorial view of the network infrastructure. The project will allow communities that are already working together to leverage the grant, and is a catalyst for other communities to begin working together. The middle-mile project will provide equal opportunity for access to information throughout Michigan by 2013, with the public-private partnership of the seven private companies and Merit working together to bring the vision to fruition.

In response to inquiry from Commissioner Fike, Dr. Welch reported Merit is also a Research and Education Network Member of Internet2 and serves as the Internet2 connector for Michigan. In this role, Merit provides access in Michigan to Internet2's national high-speed research and education backbone network. Merit offers sponsored Internet2 access to Michigan's governmental agencies, schools, libraries, and higher education institutions.

Commissioner Green reported his business, which is just 30 miles from Lansing, has no reliable internet service. Dr. Welch explained part of the issue is that Michigan has numerous small providers and up to 80 percent of their cost of providing service is reaching the backbone. The object of this project is to lower those costs for the providers, which should allow them to more widely provide service in rural areas.

In response to question from Commissioner Coe, Dr. Welch advised local governments do assess fees on internet providers in their areas. And because Michigan is a decentralized state, each unit contracts separately for service, both Merit and the State of Michigan are encouraging local units of government to work together to create efficiencies on broadband projects. Commissioner Coe recognized Merit for its efforts in attempting to solve the state's communication problems. With responsibility for rural development, the Commission is obligated to work toward solving the communication gap within this state, which is a roadblock to business efficiency in Michigan.

Director Creagh confirmed the Governor's recognition of the importance of broadband and communications in any strategy of economic recovery in Michigan. If we are to compete, we must have access, whether educational resources, distance medicine, or access to markets. With regional cooperation will come behaviors to help solve some of the cross-jurisdictional problems that have been articulated today. The department is committed to ensuring a plan is in place so Michigan can compete on a global basis.

**RURAL DEVELOPMENT TRANSPORTATION PROJECTS: Michael Leon, Transportation Economic Development Fund (TEDF) Program Manager, Michigan Department of Transportation**

Mr. Leon reported that agriculture and rural development transportation project objectives of the Michigan Department of Transportation (MDOT) Office of Economic Development include a rural road system, rural road funding, and collaboration and grant projects. Roadway classifications include "seasonal weight restriction" and "all season," which supports agriculture and rural development. Agriculture is unique, in that there are very few traffic restrictions. Road funding allocation is based upon road classification, decisions of Local County Funding Task Forces, and finally, decisions of Rural Funding Task Forces.

Funding sources include Act 51 distribution (funds from gasoline taxes), Surface Transportation Program (STP) rural funding, and federal and state Category D funding. In addition, Category A funding is available through the Transportation Economic Development Fund for specific developments. MDOT uses federal and state funds to build and maintain the trunkline system.

The Michigan Department of Transportation Economic Development Fund (TEDF) was established in 1987 by P.A. 231 and provides funding for transportation improvements that enhance the state's ability to compete in a global economy, promote economic growth, and improve the quality of life in the State of Michigan. TEDF programs include Category A (target industries), Category C (congestion relief in five urban counties), Category D (all-season roads in 78 rural counties), Category E (forest roads), and Category F (all-season roads in urban areas of rural counties).

TEDF Category A provides funding for road improvements that attract industry and create and retain jobs in Michigan, as well as meet demands placed on roads as a result of developments. Target industries include manufacturing, high technology research, office centers 50,000 square feet or greater, agriculture or food processing operations, year-around tourism, forestry, and mining. MDARD is a key partner with MDOT in identifying the transportation needs of job creating development. Details of recently completed projects were reviewed, including Herbruck Poultry Ranch and Michigan Milk Producers, as well as projects with grant applications in process – Orvana Resources US Corporation, Gerber Products Company, and GreenStone Farm Credit Services Corporate Offices.

In response to question from Commissioner Coe, Mr. Leon advised regarding economic development investment from the gasoline tax fund and license fees, the fixed amount is allocated by the Legislature, which currently is approximately \$70 million per year. He was not aware of any Farm Bill funds that could be allocated to roads in rural areas.

Director Creagh advised there truly is a partnership between MDARD and MDOT. Director Steudle indicated that if a project with great community support exists, in addition to the funding identified as a priority target industry, there potentially is flexibility to shift project dollars. Mr. Leon added if a producer or processor has issues, there are several tools that MDOT could utilize to assist. Director Creagh noted together, the agencies can be more effective in rural development strategy and long-term planning.

Commissioner Coe noted within the current Farm Market Generally Accepted Agriculture Management Practices (GAAMPS), it states that any producer operating a farm market must comply with MDOT regulations. Many farmers, who have a very short market season, have concerns regarding the expensive road cuts required to meet those regulations and he asked if there were any means to provide funding for those. Mr. Leon advised it is very difficult for MDOT to insert those types of projects into long-term plans, unless it coincides with a road project already being planned. Producers could speak with his office to provide awareness on this issue and assist producers in navigating through the system.

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

Mr. Bajema advised it is amazing the attention agriculture and rural development are receiving from the current Legislature and the recent budget process speaks to their commitment. The Legislature has about two weeks of session before they begin summer break. They plan to meet one day in July and one day in August.

He reported the sporting swine issue has consumed a considerable amount of his time over the last few months. There are approximately 65 ranches with sporting swine for hunting purposes. With the Invasive Species Order set to take effect on July 8 if no regulatory legislation is in place, there is a push in Legislature to establish that regulation. The department has been very involved in the discussions to ensure the animal health side is adequately covered and where appropriate, those regulations can be made as reasonable as possible.

In the last week, the department has been successful in moving House Bill 4666, regarding farmland and open space, relatively quickly through the legislative process. There are at least 24 local units of government who have completed the process to provide for open space easements; however, the funding has not been available. The last grant cycles were in 2005 and 2007. The bill captures a portion of the approximate \$12 million in outstanding liens by providing a positive incentive to pay the liens; it calls for a nine-month "window" where, for the first three months, the liens would be discounted by 15 percent and the remaining six-month time period would have a lien discount of 10 percent. Depending on the funds received from this nine-month window, the Michigan Agricultural Preservation Fund would hold one or more grant cycles and the operation of the program could continue.

Senator Hansen introduced legislation that would transfer cervid regulation to MDARD. A meeting is being scheduled with the industry to highlight potential actions in conjunction with MDNR to expedite complaint responses and streamline the process.

Senator Hansen also introduced Senate Bill 32 that would allow wine sampling at farmers markets. This is aimed at the smaller wineries looking to expand their markets. In response to question from Commissioner Fike, Mr. Bajema advised the bill appears to be moving and he will keep the Commission informed of its progress.

The department has met with Senator Hune on Senate Bill 330, which would raise the Cottage Food threshold, stating key reasons for waiting on this legislation. The Cottage Food legislation is in its infancy and results at the current threshold should be realized before this dramatic increase is considered. Also, the proposed threshold is above that in place for current small processors and would create a double standard.

Senate Bill 395 repeals a bill that has been on the dockets since 1913 and is only being used by a few counties at this point. The repeal is based on the legislation being taxation without vote of the people. MDARD is lead and continues to monitor the bill, as some of the uses have proven to be valuable in the agricultural arena.

House Bill 4567 would reinstate a program sunsetted in 2010 dealing with Equine Infectious Anemia in horses. MDARD has enjoyed great success with that program, bringing the number of cases from 50 in 2001-2004 down to zero cases over the last three years.

Letters were sent recently to the Michigan Congressional Delegation to request support in maintaining funding for the Microbiological Data Program, noting it is critical to maintaining laboratory programs that are key to the safety of our food supply. This

significant funding was cut in the US House Appropriations Committee. Mr. Bajema will forward a copy of that letter to the Commission for their information.

**RURAL DEVELOPMENT STRATEGY: Gordon Wenk, Chief Deputy Director**

Mr. Wenk reported that in line with the Governor giving the department responsibility for rural development, developing a strategy to meet that charge has been in process. Over the last few Commission meetings, various aspects of rural development have been discussed. During the visit in Battle Creek, food science, food processing, the International Food Protection Training Institute, Kellogg Institute, Tool Works, and Battle Creek Unlimited were discussed. During today's meeting, discussion centered on various aspects of broadband service and the transportation efforts between MDARD and MDOT. Next month, discussions will focus on rural electric cooperatives and MSU rural development priorities. These types of presentations, which will continue in future months, revolve around the draft Rural Development Strategy document that has been developed in cooperation with other state agencies, the Commission, and staff.

That strategy will focus on the three key areas of leadership development, economic vitality, and quality of life. It will take MDARD's expertise in the food and agriculture sector and bring that to bear as we evolve and work toward bringing economic opportunities to the rural areas of the State of Michigan.

At this point, the Rural Development Strategy has been presented. It provides a framework and leaves ample room to grow and identify the specific focus areas. The department is asking for the Commission to ratify the direction in which the department is moving.

**MOTION: COMMISSIONER GREEN MOVED THE COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT SUPPORTS THE FRAMEWORK OF THE RURAL DEVELOPMENT STRATEGY AS A STARTING POINT FOR THE ONGOING DISCUSSION TO IMPROVE LEADERSHIP, ECONOMIC VITALITY, AND QUALITY OF LIFE IN RURAL AREAS BY SUPPORTING REGIONALLY BASED ACTIVITIES, REGULATORY REFORM, AND SOLUTION ORIENTED STRATEGIES WITH A FOCUS ON BUSINESS INVESTMENT AND JOB CREATION. SECONDED BY COMMISSIONER KENNEDY. MOTION CARRIED.**

**P.A. 116 UPDATE: Derek Bajema, Legislative Liaison, Rich Harlow, Farmland Preservation Manager, and Tonia Ritter and Rebecca Park, Michigan Farm Bureau**

Mr. Bajema noted in the 2012 budget proposal, the Governor indicated a potential to eliminate tax credits in the state, of which P.A. 116 is one. Although only a bullet in budget related talking points, it has created considerable conversation across the countryside and generated interest in re-enrollment in the P.A. 116 Program. The department has been meeting with the Lieutenant Governor to discuss various options and a commitment was received that a replacement for P.A. 116 is a top priority. Existing P.A. 116 contracts will be honored and the Administration is considering alternatives to P.A. 116 that continue to preserve farmland and also provide property tax relief to Michigan farmers. Until an alternative is adopted, the P.A. 116 Program will remain effective. Development of an alternative requires legislative action.

Mr. Harlow reported the program currently has 41,200 P.A. 116 agreements in place, with 3.1 million acres enrolled. Enrollments have increased to the extent that more land is being enrolled in the program than is expiring. The current renewal rate is 90 percent. Early in the process of communicating concerns about the program with the Administration, clear benefits of P.A. 116 were emphasized, including that it creates a level playing field as related to property taxes for farmers in Michigan as compared with other agricultural land in the Midwest. Any options that would be adopted would require concurrence from the agricultural community and the stakeholders involved.

Commissioner Green pointed out the key focus of P.A. 116 is to preserve agriculture land in the rural areas. Mr. Harlow agreed and advised they have been articulating that message as well. Prior to 1974, over 117,000 acres of agricultural crop land were being lost annually. Since the establishment of the P.A. 116 Program, that loss has leveled out considerably. The land preservation argument is made often and recent communications have included frequently asked questions and a brief commentary dealing specifically with the land preservation issue, which should be appearing in various press articles soon.

Commissioner Coe emphasized the Commission has strongly voiced its support for the P.A. 116 Program, the department is in support of that program as well, and he asked Mr. Bajema to clearly communicate that to the Legislature. It has been an extremely important program for the state to ensure farmland is available for the farming community at an affordable cost. Mr. Bajema advised he will continue to express the Commission's support for the P.A. 116 Program to the Legislature and will work toward a replacement that arrives at similar results.

Ms. Ritter reported that Michigan Farm Bureau (MFB) has been very involved in discussions related to farmland and open space preservation and emphasizing the importance of the P.A. 116 Program to their members to allow them time to react to the potential changes.

Rebecca Park, MFB's lead staff person on taxation and land issues, thanked Rich Harlow and his staff for all of the effort in making P.A. 116 a successful program, as well as fielding current questions. MFB has held numerous conversations with the department, the Lieutenant Governor's office, and with the Legislature indicating there are thousands of individuals wanting to extend contracts – this is a clear statement of support from folks in the countryside to the current P.A. 116 Program. MFB looks forward to continued conversations and understands there potentially are ways in which P.A. 116 could be improved.

In response to Commissioner Fike, Ms. Park advised MFB is very pleased with the way in which P.A. 116 operates now; however the Administration has advised they are philosophically opposed to tax credits. The current program is similar to a leasing contract with the payment mechanism being a tax credit. Although MFB currently has no alternatives to offer, they are willing to engage in discussions about how the program could be funded differently.

Commissioner Green suggested perhaps simply a different name for the same payment mechanism would suffice. The Legislature needs to be convinced this is a program that has worked extremely well for over 35 years and should be continued.

Commissioner Coe thanked MFB for their support.

**BOVINE TUBERCULOSIS ADVISORY COMMITTEE: James Averill, Director, Animal Industry Division**

Dr. Averill reported that when Bovine Tuberculosis (TB) re-emerged in Michigan in the late 1990s, an advisory committee was formed to advise the State Veterinarian. In 2010, the Bovine TB Advisory Committee recommended restructure of its membership, as well as revision of their mission statement.

The goal of the Bovine TB Advisory Committee is to eradicate Bovine TB in Michigan's cattle and free-ranging white-tailed deer. Its mission is to provide input and recommendations on policy development to address compliance, prevention, surveillance, and transmission of Bovine TB for MDARD and USDA Animal and Plant Health Inspection Services (APHIS), Veterinary Services (VS).

As they considered restructure, the Committee looked at bringing all parties to the table, both the wildlife and cattle communities. The membership will now consist of 20 voting members representing sportsmen, hunters, local businesses, cattle organizations, sporting organizations, etc. The Committee is asking that a member from both the Commission of Agriculture and Rural Development and the Natural Resources Commission be added as ex-officio non-voting members.

**MOTION: COMMISSIONER HANSON MOVED TO APPOINT VELMAR GREEN TO REPRESENT THE MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT ON THE BOVINE TUBERCULOSIS ADVISORY COMMITTEE. SECONDED BY COMMISSIONER FIKE. MOTION CARRIED.**

Director Creagh asked that with the goal and mission of the Bovine TB Advisory Committee, the Committee consider long-term practices that could maintain the economic viability of the TB area, in addition to the eradication, prevention, and compliance aspects. He expressed appreciation to Commissioner Hanson for facilitating a meeting with producers in the UP and that same type of leadership and opportunity also exists in northeast Michigan. He requested that through Commissioner Green, the Bovine TB Advisory Committee raise that interest. In addition, the Committee initially expressed the need for better coordination between the various agencies. He reported that Director Stokes and he made the commitment to meet with the Committee to receive and address their specific concerns; Dr. Averill will be communicating that to the Committee.

**COMMISSIONER ISSUES**

Commissioner Coe reviewed retirement resolutions before the Commission recognizing James J. Harrington and Karl F. Hausler.

**MOTION: COMMISSIONER FIKE MOVED THE RESOLUTIONS FOR JAMES J. HARRINGTON AND KARL F. HAUSLER BE ADOPTED WITH BEST WISHES FOR THEIR LONG AND HEALTHY RETIREMENT. COMMISSIONER HANSON SECONDED. MOTION CARRIED.**

**PUBLIC COMMENT**

**Ms. Belinda Fitzpatrick**, representing herself, addressed the Commission regarding rural development of the intercity areas. She recently learned about a project to begin farming next to the Eastern Market in Detroit and attempts to extend the Right to Farm Act to the urban areas. She felt a better option would be to create a Right to Garden and Naturalized Landscaping Act in the urban areas. A separate legislative approach would offer an alternative to struggling with the various township codes and ordinances.

Commissioner Fike advised Wayne County is one of the areas on which her organization, the Food Systems Economic Partnership, focuses upon and she is aware of the project. Feedback she has received is that the Commission of Agriculture and Rural Development is not concerned about urban farming and what is happening in the Detroit area. She has responded that the Commission is very interested and recently toured some of those activities, including the renovation of the Eastern Market and some of the Greening of Detroit's urban farms. There is tension between the Right to Farm Act and city government attempting to enforce zoning regulations and ordinances.

Commissioner Fike asked the Director if from the department's perspective, there is any information regarding a possible GAAMP for urban agriculture. Director Creagh advised the intent of Right to Farm was to solve nuisance problems for farm communities as urban residents moved into the agricultural areas. It did not necessarily contemplate bringing agriculture into the urban areas, and therefore has a different construct and department staff have reviewed the potential. There also is the flexibility for a local entity to approve an ordinance, file it with the Commission, and could in essence create their own locally acceptable ordinances that are not exactly consistent with Right to Farm. It may be a broader issue as people contemplate how to bring food and agriculture back into urban settings and the right vehicle may not be Right to Farm.

Commissioner Coe advised urban agriculture has been on the Commission's agenda and discussions have been held with both government and various groups in those urban areas. It is obvious that resistance from the local units of government does exist. There are community groups considering use of abandoned land for agricultural purposes and they want to have some control over that process. Commissioner Fike added it could be an economic development and revitalization tool for areas that desperately need it. Commissioner Coe noted it should be program without mandates from the state and through which the community can realize real benefit.

No other public comment was requested.

**ADJOURN**

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

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

Attachments:

- A) *Agenda*
- B) *Agriculture and Rural Development Commission Meeting Minutes April 13, 2011*
- C) *Director Keith Creagh – Issues of Interest Report*
- D) *Resolution Recognizing Cherry Central Cooperative as Exporter of the Year*
- E) *MDARD FY 2012 Budget Summary*
- F) *DTMB – Center for Shared Solutions & Technology Partnerships Presentation*
- G) *Merit Network and REACH-3MC Overview Presentation*
- H) *Metit Network Information Packet*
- I) *MDOT – Transportation Funding for Agriculture and Rural Development Projects Presentation*
- J) *Office of Economic Development Brochure*
- K) *Office of Economic Development Map*
- L) *Legislative Status – May, 2011*
- M) *Michigan Bovine Tuberculosis Advisory Committee Summary*
- N) *Resolution for James J. Harrington*
- O) *Resolution for Karl F. Hausler*