

MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT

Geagley Laboratory, Gordon Guyer Room
1615 S. Harrison Road
East Lansing, MI 48823

MEETING MINUTES JULY 19, 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 8:58 a.m. on July 19, 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 JULY 19, 2011. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.

APPROVAL OF JUNE 15, 2011, MEETING MINUTES

MOTION: COMMISSIONER GREEN MOVED TO APPROVE THE JUNE 15, 2011, MEETING MINUTES. SECONDED BY COMMISSIONER FIKE. MOTION CARRIED.

NEXT SCHEDULED MEETING

The next scheduled meeting will be held on August 17, 2011 at GreenStone Farm Credit Services Corporate Offices, 3515 West Road, East Lansing.

COMMISSIONERS' TRAVEL

Commissioners Coe, Fike, Hanson, and Kennedy traveled to attend today's meeting. Commissioner Hanson also traveled to Marquette to attend a July 12 Natural Resources Conservation Service (NRCS) meeting sponsored by Farm Bureau.

There was no other travel submitted for approval.

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

COMMISSIONER COMMENTS:

Commissioner Green advised crops in his area are doing well, but need rain. He attended the recent Michigan Agri-Business Association (MABA) / Michigan Department of Environmental Quality (MDEQ) meeting, and noted there was positive outcome from the discussion regarding regulations. He will be attending the Michigan Agriculture Breakfast in Washington, D.C., next week at the courtesy of Michigan Milk Producers. On July 25, he will be hosting a tour of his operations for Corey Clawson, aide to the Senate Agriculture Committee. Mr. Clawson will also be participating in a meeting being held the following day to discuss proposed farm/dairy legislation.

Commissioner Hanson advised crops in the Upper Peninsula (UP) are behind somewhat and growers have been irrigating. She will be attending a July 23 open house at the Michigan State University (MSU) Biomass Station in Chatham.

Commissioner Fike reported she attended the Bread for the World Institute meeting in Washington, D.C., for a debriefing on their annual hunger report, which was attended by stakeholders from across the nation. At that meeting, she shared information about regional and local food systems as a driver for economic development and demonstrated how that is happening within Michigan. The Food System Economic Partnership will be hosting a Farm Bill stakeholder meeting on August 10 or 11 to gather input from both consumers and farmers about what is important in the Farm Bill.

Commissioner Kennedy reported most fields are dry across the state. Wheat harvest yields are average to slightly above and quality is excellent. Each year, Michigan slips more toward a red wheat state versus white wheat, which is of concern because a large number of grain mills in the state depend on the white wheat business. He encouraged the department to find ways of promoting white wheat in Michigan to maintain viability of the state's grain mills. The U.S. Environmental Protection Agency (EPA) Container Law comes into effect soon and a need for additional education exists to ensure people are aware of compliance requirements. In the farm economy, there is considerable debate on U.S. corn acreage and what the average yields will actually be for the year. If the U.S. Department of Agriculture (USDA) is not correct in their estimates, we will see some very explosive, volatile markets that will stress the entire commodity system.

Commissioner Coe reported that during the Agriculture Expo Breakfast this morning, the Governor advised he is very proud of the agriculture industry and is relentlessly optimistic about its future. He further challenged agriculture with three objectives: 1) food processing, 2) food exports, and 3) health and wellness. The Commission supports these objectives and there are areas in which the Commission can assist in driving those objectives forward.

The National Cherry Festival was a very successful event again this year, during which he conducted interviews with WJR and WWJ regarding agriculture tourism in Michigan. The cherry crop is coming in now and market prospects are good this year for the northwest portion of the state.

Activities continue with building of the Grand Traverse Regional Food Hub and considerable support has been received from local granting institutions. He acknowledged MSU Extension, who has been providing considerable technical and administrative support in those efforts.

He reminded Commissioners of the upcoming Governor's Summit on Production Agriculture to be held August 3 at the MSU James B. Henry Center for Executive Learning and encouraged each to participate. He also invited Commissioners to attend the August 4 Gold Medal Wine Reception to be held at the Kellogg Center.

DIRECTOR'S REPORT

Director Creagh reported several fruit and vegetable producers on the west side of the state suffered some weather damage, and they are now also dry.

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. During meetings held recently with Boar's Head and Request Foods in Holland, concern was expressed regarding the need for a trained workforce, which has also been expressed by other food processors. The department is working with universities, community colleges, and the Michigan Manufacturing Technical Center to encourage development of educational efforts targeting the rural system.

During the recent MABA/MDEQ meeting, the new Environmental Protection Agency (EPA) Container Law was discussed. MDARD will continue to partner in educational and outreach opportunities around those regulations. Department staff have already been analyzing the regulatory specifics and are working with MABA.

On June 29, a highly successful tour of Michigan Agriculture Environmental Assurance Program (MAEAP) verified farms in southwest Michigan was hosted for the USDA Undersecretary and the EPA Regional Administrator. He thanked Michigan Farm Bureau for coordinating that tour, which was also attended by industry and MDEQ and MDARD staff. Following the tour, EPA expressed support of MAEAP and what the program can accomplish on farms.

During the most recent Cabinet Meeting, an overview of food, agriculture, and rural development was presented. He will be sharing that presentation later in the meeting.

He encouraged everyone to attend the Michigan Livestock Expo and Sale-abration being held at the MSU Pavillion this evening. A reception featuring a menu of Michigan products will be followed by the auction featuring champions from the livestock show.

On July 20, he will be in the Traverse City area for the EPA Integrated Pest Management (IPM) Alliance Tour which is coordinated by the specialty crop industry. This tour is attended by EPA managers and other decision makers, and is intended to familiarize them with current issues that Michigan's crop growers are facing.

The department is working with Walmart around the Michigan Heritage Agriculture Program, which is part of the locally green/health/nutrition/obesity issue. MDARD is

coordinating with food processors and retailers toward incorporation of those metrics into the Governor's Dashboard.

On July 27, he will participate in the MABA Agriculture Club Breakfast in Washington, D.C. He will also be meeting with various key agencies while in the area to discuss current issues of interest.

The August 3 Governor's Summit on Production Agriculture is being coordinated by Chief Deputy Director Wenk, Doug Buhler of MSU, and Bob Boehm of Michigan Farm Bureau. The intent is to explore various issues, discuss how to move forward with economic measures and metrics, and identify the role of production agriculture in accomplishing targeted improvements. This, along with results from the Food Processors Summit, will provide the initial steps for continuing discussions on the food and agriculture industry in Michigan.

On August 4, he will be attending the Farmers Market at the Capitol, as well as the Michigan Grape and Wine Industry Council meeting and Gold Medal Wine Reception.

Michigan Department of Natural Resources (MDNR) Director Stokes and he have been meeting with the cervid industry to ensure the agencies are aligned in responses to that industry. The afternoon of August 17, the directors will also be attending the Bovine Tuberculosis (TB) Advisory Committee meeting to discuss the next steps around the TB Program in northeast Michigan. MDNR plans to discuss the potential of \$50,000 in MDNR funding being identified for habitat improvement on state land to increase the deer harvest.

Director Creagh introduced Lisa Price, the new Human Resources Director for the department, replacing Tami Eyer. Lisa was raised on a family dairy farm and participated in 4-H for many years showing dairy cattle. She holds a Master's Degree in Resources Administration and is certified as a Professional in Human Resources. Lisa worked in the private sector for 18 years prior to joining state government and we look forward to working with her. Commissioner Coe welcomed Ms. Price to the department.

Director Creagh reviewed some of the current key issues of interest for the department, noting that MDARD received 47 Specialty Crop Block proposals in the amount of \$2.3 million. 21 proposals were forwarded for over \$1 million in recommended awards. Once USDA has approved, the department will announce details of the awards.

Dennis West of Northern Transformation has discussed organizing a group bus tour of the east side of the UP to discuss mutual cooperation on regional initiatives. Also, Prima Civitas Foundation is working to organize the 18 counties in northeast Michigan toward building capabilities and capacities in that area.

On October 13, MDARD will hold an all-employee meeting. He encouraged the Commissioners to participate in that event for an opportunity to meet with staff. The meeting will include discussion on what is new in the department, the Quality of Life cluster, and staff's role in rural development.

An Interdepartmental Collaboration Committee was established through a Governor's special message to the Legislature as part of a broader economic development effort. MDARD chairs the Rural Development Subcommittee of that group.

Michigan will be hosting the Midwest Association of State Departments of Agriculture annual meeting in 2014. It will offer a great opportunity to showcase Michigan agriculture to our Midwest friends.

In response to question from Commissioner Coe, Director Creagh advised a bill recently passed in the House speaks to the Commission policy that strong regulation of the sporting swine industry be established and in the absence of that regulation, the Invasive Species Order would prevail. The effective date of the Invasive Species Order was extended until October 8 of this year to allow the Senate time to contemplate the House version of the bills. Although MDNR is the lead agency, MDARD is responsible for animal health behind the fence and will be involved to ensure that if Pseudorabies is found in "feral swine," the status for the commercial pork industry in Michigan is not impacted. MDARD will continue to work with USDA Wildlife Services in addressing the feral swine, or animals outside of the fence, issue.

Of additional concern, Commissioner Green mentioned news of three Tuberculosis cases in England in swine, demonstrating that disease also affects swine. Commissioner Coe advised this has been a contentious issue and is proceeding on the basis of the Commission's most recent resolution in consideration of the subject, the Commission requested a Legislative solution if possible to allow ranches and hunting preserves to continue operation, but that included the provision of very strong controls of those ranches, whereby, if those operations continue in business, they must pay their costs for the inspections and services provided. Animals in the wild and animals in captivity are two separate specific areas of animal control. The appropriate role for MDARD is concern for the health of animals in captivity on farms and ranches. In response to question from Commissioner Coe, Director Creagh advised he is comfortable with the position of the Commission.

DIRECTOR'S TRAVEL

Director Creagh requested out-of-state travel to Washington, D.C., for the July 27 MABA Agriculture Breakfast and various agency visits.

MOTION: COMMISSIONER FIKE MOVED APPROVAL OF THE DIRECTOR'S TRAVEL. SECONDED BY COMMISSIONER KENNEDY. MOTION CARRIED.

PUBLIC COMMENT (AGENDA ITEMS ONLY)

Commissioner Coe recognized Bob Barker, who had requested to address the Commission.

Bob Barker, President and CEO of Mason County Growth Alliance, commented on the publication, "Growing Michigan's Future," produced by MDARD as a guide to marketing Michigan food and agriculture products. It has been very valuable to many of the smaller entrepreneurial companies with whom they have been working in the western part of the state.

He reported the Growth Alliance is involved with Public Act 88, on which hearings are currently being held through Senator Robertson's Committee for Local Government. Washtenaw and Gratiot Counties have approved the use of funds through this act for a variety of agricultural advertising. Mason County believes this is something they want to consider. With the Michigan Economic Development Corporation's (MEDC) assistance becoming more scarce, this is one of those tools that perhaps hasn't been used extensively, but could provide a vibrant tool for economic development initiatives. Before simply repealing Public Act 88, if there is a need for transparency, oversight, and annual audits required for how these dollars are being used, that should be considered.

Entrepreneurship in food processing is a key part of rural development in Michigan. He and his wife have begun a specialty canning business and are working through the Starting Block Kitchen Incubator in Hart, which is currently accommodating 33 companies with a variety of products. Regulatory requirements are as stringent for their operation as those for large producers, and that is tough for small specialty product producers. They have learned much from the Cottage Food Law; however, their products do not fall under that law and it has created a series of issues they are now working through from a food processing industry standpoint.

Entrepreneurship will not have the momentous impact we need to replace some of the automobile manufacturing jobs. But, clearly, entrepreneurial activity across the state will be an important part of Michigan's recovery. Tools, such as Public Act 88, should be available to counties as they develop economic development strategies and tell the story about agriculture in Michigan.

There was no public comment relative to agenda items.

GENE THOMPSON SCHOLARSHIP AWARDS: Jeff Haarer, Producer Security and Agriculture Products Manager

Mr. Haarer announced the Gene Thompson Golf Outing will be held on Friday, September 9, at Wheatfield Golf Course in Williamston, and invited the Commissioners to join that event. One of the benefits of these annual golf outings is what the department has been able to accomplish through the scholarship fund.

He briefly explained the history of the Gene Thompson Memorial Scholarship Fund, noting the scholarship was created in 2006 for Michigan Department of Agriculture and Rural Development (MDARD) employees or their children attending MSU or those enrolled in the agricultural area. To be eligible for the scholarship, a student must excel academically, demonstrate a strong commitment to their community, and serve in a leadership role in school, work, or civic activities. He announced the Scholarship Fund Board awarded three \$500 scholarships and introduced two of this year's recipients.

Theodore Gatesy is from Williamston and is a co-recipient of the \$500 MSU Scholarship. Ted will be attending MSU, pursuing a Master of Science in Food Safety degree. He currently works at the department's Geagley Laboratory.

Siobhan Kent is from Lansing and is the co-recipient of the \$500 MSU Scholarship. Siobhan will be pursuing a graduate degree in health and nutrition at MSU. She currently works in the Food and Dairy Division.

The third recipient, Aaron Helwig, was unable to join the meeting today. He is from Lake Leelanau and is the winner of the inaugural \$500 MDARD Scholarship. Aaron will be a freshman at the University of Michigan, majoring in chemical engineering with specific interest in biomass and fuel development. Aaron's mother, Loretta Helwig, works at the Motor Fuel Quality Lab.

The Commission congratulated this year's recipients and wished them well in their studies.

LEGISLATIVE UPDATE: Derek Bajema, Legislative Liaison

Mr. Bajema noted one of the highlights of the last month was Commissioner Hanson coming to Lansing with her granddaughters for a tour of the Capitol.

The Legislature concluded business in late June, although the Senate was in session July 13 and plans to be back for one day in August. He reported on legislation specific to agriculture, noting that Senate Bill 46, dealing with on-farm ethanol production, is anticipated to be signed today. Senate Bill 210, the Large Carnivore Act, would require inspections regardless of zoological association.

Further hearings are anticipated in August on Senate Bill 395, which would repeal Public Act 88. The department represented the Administration on this issue and remains neutral. The act's provisions are currently being used wisely by a few counties and that needs to be ensured for future use by other counties.

Senate Bill 472, which was recently reported out of committee, would require the agency to submit applications for Open Space Development Rights Easements to the Commission for approval in lieu of the Legislature. This would provide a higher level of transparency for these agreements. In response to inquiry from Commissioner Coe, Director Creagh advised this would provide opportunity for the Commission to review Farmland Preservation Open Space Easements in a more comprehensive and collective manner than the current single resolution process through the legislative body. The Commission expressed agreement with that position.

On the House side, the sporting swine bills are moving through the legislative process. There is recognition by most that feral swine are a problem, and those animals can come from various sources. Conversations around that have been ongoing with USDA, including differentiating that from sporting swine issues. He noted the Commission has been a great ally to him as he expresses to legislators the Commission's position for creating rigorous regulation of the sporting swine industry. The department feels the Chairman Daley substitutes for the bills meet that stringent regulatory requirement and those have been passed to the Senate. Senate Majority Leader Richardville indicated since there is no consensus, they are not certain when those bills will move. In response to inquiry from Commissioner Green, Mr. Bajema advised that many of the regulation specifics are detailed in the bills. Director Creagh advised MDNR will actually

enforce the regulations and MDARD's primary role is that of animal health. Commissioner Coe reiterated the Commission's insistence that if there were legislation, it had to provide the strongest possible security for those animals inside the fence. Mr. Bajema advised they were careful to ensure the regulations met the requirements needed to secure the animals. All sides agree feral swine are the problem and these bills are about protecting certain types of animals from becoming feral swine. Regardless of what happens, the department will continue to address the feral swine issue.

House Bill 4567 will be signed into law tomorrow and will reinstate the recently sunsetted requirement that all horses which come in contact with other horses have a test for Equine Infectious Anemia (EIA). This is critical to the equine industry for the continued control of this disease.

Recently signed into law is House Bill 4666, which provides a tool to the local communities who invested in the open space easement 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. This legislation provides for recovering a portion of the approximate \$12 million in outstanding liens by providing a positive incentive for payment. Depending on the funds received from the nine-month window provided, the Michigan Agricultural Preservation Fund would hold one or more grant cycles and the operation of the program could continue.

Director Creagh advised if the Commission has any legislative priorities or issues, to please advise Mr. Bajema, and he will incorporate those into the department's discussions with the Executive Office and the Legislature. He thanked Mr. Bajema for his outstanding efforts on legislative issues and noted he has worked diligently toward the successful outcomes achieved. He has been a great addition to the MDARD team. The Commission reiterated those comments.

BUDGET UPDATE: Amy Epkey, Budget Officer

Since the last Commission meeting, the Governor signed the 2012 budget into law. The department's budget is \$72.2 million, including \$28.7 million in general funds. Early completion of the budget allows for an opportunity to better plan for the future. Next week, the MDARD Leadership Team will focus on developing future priorities and goals, as well as considering current program needs. Comments on that process from the Commission are welcome.

At the request of the Senate Fiscal Agency, the department will host a bus tour on July 28 in southwest Michigan, which will include four businesses – from a dairy farm to a processing plant. Invited are the Senate and House Fiscal Agencies, the Appropriation Subcommittee members, and Agriculture Policy members. She thanked GreenStone Farm Credit Services, Michigan Farm Bureau, and Michigan Agri-Business Association for helping to sponsor this event. The intent is to showcase the impact and diversity of agriculture, as well as future opportunities in the industry.

MICHIGAN STATE UNIVERSITY EXTENSION'S (MSUE) "I KNOW MI NUMBERS" AND MSUE RURAL DEVELOPMENT PRIORITIES: Thomas Coon, Director and Professor, Michigan State University Extension

Dr. Coon reported that Michigan State University Extension (MSUE) was redesigned to capture key economic opportunities for Michigan and take MSUE into the 21st Century by creating a model that other states are likely to follow. Priorities of that redesign created four key program areas: 1) innovate and help grow commercial agriculture and agribusiness from the current \$71 billion to \$101 billion; 2) build on opportunities in the new "green" economy through creation of jobs in energy, food systems, local units of government, etc.; 3) control healthcare costs by helping consumers take charge of their own health; and 4) prepare tomorrow's workforce through career-ready youth. The driving principles to realize these improvements include focused and specialized programs and staff, the ability to connect with a broader range of MSU's expertise, increased responsiveness, enhanced accountability and evaluation, and program presence in communities across the state.

These four core priorities were organized into four program institutes, the Agriculture and Agribusiness Institute, the Greening Michigan Institute, the Health and Nutrition Institute, and the Child and Youth Institute. The goal is to leverage available research into practice in new agriculture and agri-businesses that are developing around alternative energy, or in helping local units of government make a difference. One example that illustrates the team approach is the Community Prosperity Program that is helping to foster economic development across rural areas of the state through collaboration with other major universities and using those resources more strategically together. There are four national regional centers for research and extension on rural development and, after a competitive process, the center which includes Michigan is now hosted by MSU and is bringing key resources to bear on the issues we have in this state.

MSUE took what they are doing in the four institutes and aligned parts of each with the Governor's Dashboard through creation of the "I Know MI Numbers" program. Measurements in various areas will provide key data by the end of October 2011. Michigan residents and communities face critical problems that affect their quality of life, challenge government and household budgets, and put Michigan's recovery at risk. Key challenges include protecting our environment, rising levels of obesity, cities and townships facing financial stress, low achievement in science literacy that impacts college readiness, and children underprepared for school. All of these relate to the areas identified on Governor Snyder's "Michigan Dashboard" as priority areas to address if Michigan is to succeed. MSUE is a partner with the state in solving its most pressing issues and is committed to focusing resources on targeted initiatives that reflect the dashboard indicators.

As one example, Michigan's economic future and quality of life are dependent on clean and safe water resources. Michigan agriculture – an industry that is a driving force for Michigan's economy and an effective steward of Michigan's rich environmental legacy – has a vested interest and significant role in protecting Michigan's water resources. MSUE aims to improve overall water across the state. They plan to engage multiple agriculture audiences who have an impact on our collective water resources in a single, comprehensive effort. MSUE staff members will collect measureable outcome data that

directly correspond to improved water quality. The measures will then be modeled to reflect projected improvements in water quality.

Commissioner Coe recognized and applauded the reorganization of MSUE that will provide for the extension services needed into the future. Commissioner Fike thanked Dr. Coon and MSUE for their regional economic development efforts – the organization for which she works would not have existed without Extension and noted they continue to be a partner with her group in southeast Michigan.

RURAL ELECTRIC COOPERATIVES: Craig Borr, President/CEO, Michigan Electric Cooperative Association

Director Creagh advised that Mr. Borr invited him to speak at the Michigan Electric Cooperative Association's (MECA) annual meeting, confirming there is considerable interest and excitement on how to supply energy in rural areas. He expressed appreciation for the working relationship established with MECA.

Mr. Borr thanked the Commission and noted the "can do" attitude expressed by Director Creagh and staff has been very refreshing to see. He looks forward to working with the department in the future.

He introduced Doug Snitgen, the Assistant General Manager of MECA, who assisted him in presenting an overview of MECA. Three types of utilities exist in the state: investor owned, which are the large for-profit providers such as Detroit Edison and Consumers Energy; municipal utilities, which are the not-for-profit local providers that also serve densely populated areas; and electric cooperatives, which are non-for-profit entities serving low-density rural areas. Electric cooperatives began because other utilities would not serve many of those areas the cooperatives serve today.

Cooperatives actually began in politics when President Roosevelt created the Rural Electrification Administration (REA) as a loan program designed to provide electric power to rural America. Many have since transitioned to private capital markets. Today, there are 841 distribution cooperatives serving 42 million people across 47 states (12 percent of the nation's population).

An investor-owned provider would serve on the average 47 customers per mile, while a cooperative would serve only six or seven per mile. Because of that lack in density, average revenue for cooperatives is much lower, which initially necessitated a higher cost to consumers. That gap has closed considerably in the last 4-5 years, with some cooperatives actually being the low-cost provider in some areas.

Electric cooperatives offer a unique form of business and all operate under what are termed the Seven Cooperative Principles: voluntary and open membership; democratic member control; members' economic participation; autonomy and independence; education, training, and information; cooperation among cooperatives; and concern for community. These key principles are the driving forces of their business.

MECA is the statewide trade association representing Michigan's 11 electric cooperatives. There are facilities in 61 counties and 91 percent of MECA's customers

are residential, using 63 percent of the energy provided. One very challenging revenue perspective is that many of their customers are seasonal and use energy for only a small portion of the year, yet that infrastructure needs to be maintained to serve those customers. He also noted some of their agricultural industry customers, including ConAgra, Kitchen Farms, Yoplait, and Leelanau Fruit.

MECA focuses on four key areas with their customers. One of those is communication, in particular, the magazine, *Country Lines* that is produced ten times each year. He offered an opportunity for the department to have a regular presence in that publication, with a focus on topics of importance to rural Michigan, at no cost to the department. Commissioner Coe and Director Creagh advised they would definitely take advantage of that opportunity.

Other areas of customer focus include safety and job training, legislative and regulatory issues, and energy optimization. As a result of the series of recently enacted energy bills, MECA is very heavily involved with members through energy efficiency programs and helping them to more wisely use electricity.

Director Creagh advised MECA is also involved in renewable and biomass energy efforts and discussions have centered on how to accomplish that more effectively. Mr. Borr advised they partnered with John Deere as developers of the first commercial wind farm in Michigan and are currently working on a biomass project. One of their members has the most extensive research initiative underway in biomass and they have been a partner in that effort. They also have partnered with MSU and Michigan Technological University over the last several years toward biomass research and have a number of trial plantings in northeast Michigan. In response to inquiry from Commissioner Coe, Mr. Borr advised that MECA can often move more quickly on new initiatives than their municipal counter-parts, and they have no concerns with meeting the renewable energy mandates.

In response to comment from Commissioner Coe regarding assisting broadband expansion, Mr. Borr advised MECA has several substation locations through which they potentially could help maximize use of that existing footprint to benefit rural Michigan in various ways.

ADJOURN AND RECONVENE

Chairperson Coe adjourned the meeting at 10:45 a.m. for a 10-minute break. He reconvened the meeting at 10:56 a.m., noting that Commissioner Green had been excused from the remainder of the meeting.

FOOD AND AGRICULTURE BUSINESS MAPPING PROJECT: Scott Staelgraeve, Business Resource and Technology Manager

Mr. Staelgraeve thanked the Commission for being able to present some of the operational background work being accomplished within the department to provide tools for MDARD executives and staff as they consider rural development in Michigan. Earlier this year, it was recognized that the department is doing a great deal of work in rural development, but the need for visual representation of that work was needed.

A workgroup was formed to develop a single database of work locations for the department and provide related geospatial maps.

Objectives of the recently initiated MDARD Database and Mapping Project are: 1) create inventory of MDARD data sets; 2) identify opportunities for geo-coding business/establishment locations contained in MDARD's data sets; 3) Develop data-sharing agreement with the Department of Technology, Management, and Budget's (DTMB) Center for Shared Solutions and Technology Partnerships (CSSTP); 4) provide spatial data and tools for MDARD staff to use; and 5) integrate agricultural business/establishment information with available infrastructure data.

Through the agreement with DTMB, CSSTP will store agriculture business / establishment locations in the CSSTP Geographic Information System (GIS) enterprise database, which would allow web mapping applications to display the data. MDARD staff will have read-only access to other agency data for mapping and analysis. There will be no data hosting cost for MDARD.

The project will provide MDARD with spatial tools for rural development activity, with a high-level view of spatial relationships critical to agriculture. It will also provide for the ability to access related data from other state agencies. An example of migrant labor housing locations in Oceana County as related to schools, etc., was discussed.

Also available will be access to a variety of transportation and infrastructure data layers, including roads, railroad, and broadband. A map depicting wholesale food processor and grain dealer locations in Michigan was reviewed.

The data inventory is complete and data sets are currently being geo-coded by CSSTP. Completion of the data sharing agreement is in process and tools/information is being developed for MDARD staff. Also being developed are a single MDARD data set and a plan to update the data set on a regular basis.

Commissioner Coe advised that local economic development organizations would benefit from this type of information and encouraged providing access as broadly as possible. Mr. Staelgraeve advised MDARD can link to any other database that is available for import. The Quality of Life cluster is in the process of forming a workgroup to explore the needs of the three agencies from a geo-spatial data point of view and will provide more collaboration and additional data as we move forward with the project.

Director Creagh recognized the efforts by Mr. Staelgraeve and the workgroup, noting that it will allow us to provide specific, timely data for effective business decisions in the future. He also asked him to report on current developing technology. Mr. Staelgraeve advised that similar to the mobile application recently released by MDNR through which a user can access information on recreation facilities through a mobile device, he approached DTMB with the idea of developing a Michigan agri-business, or agri-tourism mobile locator application. We could use the data already collected, such as Farm Markets, wineries, restaurants specializing in seasonal Michigan products, etc. DTMB is very interested in pursuing this potential. It will be a great opportunity for MDARD to

work with our partners who are helping to manage that data and potentially provide a useful tool to help promote agri-business and agri-tourism in Michigan.

MICHIGAN GOOD FOOD WORK GROUP REPORTS: Kirsten Simmons, Executive Coordinator, Michigan Food Policy Council

Ms. Simmons explained that Michigan Good Food is an initiative to develop a policy agenda that supports good food in Michigan – food that is healthy, green, fair, and affordable. The Michigan Good Food Charter presents a vision for Michigan's food and agriculture system and outlines 25 agenda priorities for the next 10 years. Beginning in September 2009, workgroups examined our current situation and explored future opportunities to advance good food in Michigan. Each group presented an action agenda and invited discussion and feedback at the Michigan Good Food Summit in February 2010. The feedback gathered at the summit and in the months that followed helped to shape the Michigan Good Food Charter. Since then, a series of five workgroup reports have been released and provide more detail and background on the charter recommendations: 1) Farm Viability and Development; 2) Youth Engagement and Opportunities; 3) Institutional Food Purchasing; 4) Food System Infrastructure; and 5) Good Food Access. All five reports in the series are available for download at www.michiganfood.org.

She encouraged the Commissioners to review all of the reports, noting workgroup participants included Michigan Food Policy Council (MFPC) members and many of the themes follow previous MFPC recommendations. The reports are structured into sections, including group contributors, state of the issues, potential indicators for measurement and evaluation, and proposed strategies.

The most recent report, the Farm Viability and Development Report, describes Michigan farm characteristics, lays out challenges facing Michigan agriculture, highlights opportunities to expand our agricultural economy, and discusses the four critical components of farm viability. The report then provides an overarching goal for 2020 and focuses on four agenda priorities, including implementation steps and a proposed timeline for each. In particular, it takes into account there are many different types and scales of agriculture and its recommendations look at fostering some of the small to mid-sized producers. It attempts to take the broad diversity of agriculture into account and create links to public health, agriculture economic development opportunities, and developing strategies, all of which provide fundamentals around which groups can champion to move forward in Michigan.

Commissioner Coe noted the Commission has been supportive of the project and their overwhelming stance recognized there are diverse means for agriculture development within the state and there was a need for a clear statement of the opportunities and objectives. These documents move forward in that direction.

Director Creagh announced the Michigan Food Policy Council will be meeting on July 28 to refocus their efforts in alignment with the Governor's strategies. The Council is also realigned within the department's Food and Dairy Division to ensure it is fully integrated with capabilities of that division. He congratulated the Council, and Ms. Simmons very specifically, on a most successful review by the Centers for Disease Control recently.

Also, he announced Ms. Simmons has been accepted for the Master of Science in Public Relations and Corporate Communications Program at New York University. She advised her last day will be August 12 and is developing a transition plan to ensure all details are covered before she leaves her position with the Council. In response to question from Commissioner Coe, Ms. Simmons advised the Council will continue to move forward as the same collaborative food network group as in the past, and Director Creagh ensured the department will continue to provide that leadership.

Commissioner Fike advised the C.S. Mott Group recently hired Richard Pirog from the Leopold Center for Sustainable Agriculture. He will be partnering with groups from across the state to further the strategies outlined in the Good Food Charter and she looks forward to working closely with Mr. Pirog.

**MICHIGAN DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT –
LABORATORY UPDATE: Bonnie Moon, Director, Laboratory Division**

Ms. Moon advised that between the Geagley and Heffron Laboratories, the department lost 17 highly skilled personnel to the recent retirement incentive, of which only five resulted in replacement hiring. The vacancies will be utilized to shore up any anticipated budget shortfalls with the possibility of additional hiring as deemed necessary.

She explained the section restructuring implemented recently to gain efficiencies and discussed the staff responsibilities under each of the areas. The Drug, Disease, and Fuel Testing Section encompasses animal disease surveillance, such as Brucellosis and Pseudorabies; equine drug testing required for horse racing; and motor fuel testing, which monitors and verifies the standards that all gasoline must meet. The Food and Feed Safety Section coordinates food and dairy chemistry tests; the Food and Drug Administration (FDA) Feed Safety Grant; Fertilizer Program capabilities; and feed testing, which includes pet foods and livestock feed for analyses, such as antibiotic levels, heavy metals, and mycotoxins.

The Pesticide Section includes the federally funded USDA Pesticide Data Program (testing food items for various pesticide residues) and the Pesticide and Environment Program that concentrates on use investigations of soil, air, water, and mineral misuse of pesticides. The Microbiology Section encompasses food and dairy microbiology testing, Environmental Protection Agency (EPA) Antimicrobial Efficacy Testing, FDA and USDA Food Emergency Response Network (FERN) Program, FDA Import Sampling Project, FDA Environmental Sampling Project, and the USDA Microbiological Data Program. The Quality Assurance Section is responsible for maintaining and improving quality systems in all of the laboratory programs.

Related to the building, the structure is basically sound; however, some areas need attention. Some of the exterior panels are rusting and may result in holes forming. In 2011, leaks were repaired in the main water line and main stream line. An additional related project is replacement of the heat exchangers in the hot water handling system. In 2010, an assessment of the facility resulted in 18 points of improvement in conservation and energy. These are being addressed in day-to-day work on the facility. In the recent retirement, all three of the maintenance personnel left; however, two highly qualified and skilled maintenance workers have since been hired.

In response to question from Commissioner Coe, Director Creagh advised the Laboratory has no issues to address as a result of recent audits of the division. Ms. Moon advised the Microbiology area is currently being evaluated onsite by the American Association of Laboratory Accreditation, which is conducted every two years. There currently are no serious backlogs of testing samples.

Director Creagh confirmed the Laboratory does have national standing and participates in a number of nationally recognized programs, including the Food and Emergency Response Network and the Microbiological Data Program (MDP). Ms. Moon's expertise in the Laboratory is well recognized nationally. As a state, we need to maintain the capability and capacity to respond to foodborne illness emergencies that are microbial in origin. We look to the federal government to maintain the statistically valid MDP program so we can continue management practices that reduce the microbial load. Long term, we must have a strategic approach for maintaining a world-class laboratory to serve Michigan's producers and its citizens. The department will continue to work with DTMB and the Administration to consider those critical attributes.

MICHIGAN AGRICULTURE ENVIRONMENTAL ASSURANCE PROGRAM (MAEAP): Jim Johnson, Director, and Jan Wilford, MAEAP Manager, Environmental Stewardship Division

Mr. Johnson noted that Public Act 2, which was signed into law March 9, 2011, and placed the Michigan Agriculture Environmental Assurance Program (MAEAP) into state law, actually represents what has been happening for several years. In 1997, an initial group of stakeholders identified the need for a program that helps growers to understand environmental requirements and what is needed to meet federal and state laws. Over the last 14 years, that program was developed and the MAEAP staff have done an outstanding job in coordinating that program over the last ten years. They have elevated a bare-bones concept to an extremely high level of programming. Under Ms. Wilford's leadership, multi-interest issues were organized, culminating in agreement of standards for verification. He introduced two of three MAEAP staff verifiers, Joe Kelpinski and Josh Appleby. Tom Young, the third staffer, is providing program information at the Ag Expo today.

The intent over the next three months is to prepare the Commission for their obligation under Public Act 2, which is adoption of the standards for MAEAP verification, and the protocols for verifying a farm and for revoking a farm's verification. Today, the program will be reviewed, including how it works and materials that are used on-farm with the growers. In August, the verification standards and protocols will be reviewed. In September the co-chairs of the Environmental Assurance Advisory Council will formally present the MAEAP Standards and protocols to the Commission for adoption.

Once the MAEAP legislation was enacted, one of the initial tasks required of the Director was formation of the Environmental Assurance Advisory Council for the program. That council has met several times and is co-chaired by Dr. Thomas Coon from MSUE and Scott Piggott from Michigan Farm Bureau. The leadership provided by those co-chairs to move through the process has been tremendous. The intent was to move the current standards through the approval process. However, once delving into the standards, it

became apparent that revisions were needed to create consistency throughout all documents.

Director Creagh reported that during a recent meeting, he was approached by a legislator who did not vote for the MAEAP bills, and who stated there were no standards and not much staff, and questioned if it actually is a real program. James Clift, a member of the MAEAP Advisory Council, responded, "No way, these standards are very real. And the staff, they are rock stars." There is confidence in the program, both from the industry and the environmentalists, and that is a great attribute to the program staff.

Ms. Wilford provided an operational overview of the program. MAEAP consists of three systems and three phases. The phases referenced in all of the promotional information are education, risk assessment and implementation, and verification. Education is required every three years and a grower must attend a session approved for MAEAP credit. These sessions are currently offered through partnering with local meetings for inclusion of required environmental topics. Sessions are also posted on the website and links are provided to other universities.

Risk assessments are completed primarily through District Conservation staff, but also through partner groups, MSUE, and some private consultants. This involves repeated visits to a farm to identify risks, determine strategies to reduce risks, and developing a plan with a timeline to implement those strategies. The third phase, on-farm verification, is the role of the department and provides third-party substantiation of completion of the implementation plan and compliance with standards.

The role of the MAEAP Advisory Council is built on the role of the MAEAP Partnership (Steering Committee) and the Administrative Committee. Over the last 12 years, the partners developed the program and continue to meet on a regular basis – their involvement and their promotion of the program has been a key to its success. Over 10,000 farmers have attended educational sessions and meetings and are potentially somewhere in the verification process. MAEAP staff work to assist producers to move toward verification at a pace comfortable to them.

Mr. Johnson noted the three MAEAP systems are the Livestock System, the Cropping System, and the Farmstead System. Risk assessment tools, referred to as A*Syst tools have been developed for the various systems, each addressing specific issues associated with activities in a particular area of the farm. Several different Crop A*Syst tools were developed to address the unique issues presented by the various types of crops grown in the state. There also is an Emergency Management Tool which ensures MAEAP-verified farms are aware of the need for safety planning and are devoted to both prevention and preparedness.

Each tool consists of two basic parts – the categorized risk questions and the plan development section. The plan assists the farmer in knowing how to address the risks identified in order to achieve MAEAP verification. Details of some specific risk assessment questions were reviewed to illustrate how the tools were developed and are continually revised as needed, as well as how they help move a farmer through the process, including verification standards and requirements of specific applicable laws.

In preparation for the upcoming standards discussion, Commissioners were encouraged to gain a flavor for the components of the risk assessments and skim through the questions to provide a better understanding when reviewing the standards documents next month.

In response to question from Commissioner Fike regarding funding for Conservation Districts, Mr. Johnson advised budget reductions have presented a definite challenge. Funding for the districts has been substantially reduced over the last few years. Currently, there are 50 technicians developing those vital working relationships with the growers and the challenge is to maintain that level of staffing in order to reach the goal of 5,000 MAEAP verified farms. Administrative support is also needed for those technicians. Conservation grants currently provide funding; however, many of the technicians cover more than one county and if a county does not have an office open on a regular basis, that presents a difficult challenge for the growers. Ms. Wilford pointed out that re-verification is required every three years and that workload leaves little time for new verification work.

Director Creagh confirmed the department certainly does not have the resources to meet the 5,000-farm goal. There was the purposeful effort, that once MAEAP was codified in law, to pursue additional resources that will be needed for the currently under-funded program. Capacity and capability needs to be built and is part of budget priority discussions for 2012 and beyond. Mr. Johnson added there are two parts to the budget situation – the technician staff at a local level and the department verification staff.

Commissioner Coe expressed appreciation for the presentation today. He noted the information is very helpful in preparing the Commission for their upcoming task of reviewing and approving the MAEAP Standards.

**MICHIGAN DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT CABINET
PRESENTATION: Keith Creagh, Director**

Director Creagh reviewed a presentation shared recently with the Cabinet. The Governor offered agency directors an opportunity to review new program activities and MDARD presented information on food and agriculture.

The presentation focused on the diversity of commodities in Michigan, including the impact of plant diseases, importance of labor, and prevalence of high technology in food processing. Examples around those factors were given, highlighting the complexities of the food industry. The need for a skilled workforce, new harvesting technology, and the food safety Good Agricultural Practices (GAP) and Good Handling Practices (GHP) type certifications were covered. Also included were business opportunities, buying direct/buying local, and export markets.

Examples were sited of how rural development opportunities are building around common needs, demonstrating the food and agricultural industry is very complex and highly sophisticated. It has been a solid foundation in the marketplace for a long period of time.

Department priorities were also mentioned in the presentation, including animal health, consumer protection, environmental stewardship, food safety, and rural development. Concepts of rural development were reviewed. Next discussed were various policy implications. Agriculture is robust in Michigan and the state enjoys great natural resources; yet, at the same time, we have decaying urban and rural centers and examples of that policy disconnect were cited. The reason we talk about both rural and urban development is that agriculture can fundamentally assist in both of those issues. The various challenges that currently impact development were also discussed.

Our rural development strategy is centered on both internal and external partnerships. During the Cabinet meeting, MDARD's connectivity to each of the other agencies was specifically illustrated. He also expressed appreciation to each of those other agency directors for their support – the power of that support, coupled with that of external partnerships, can bring the realization of both vibrant urban and rural areas in Michigan.

Commissioner Coe thanked the Director for sharing the presentation, noting much of that was reiterated in the Governor's message this morning. He complimented the department's Communications Office for their great efforts in continuing to disseminate agriculture's message. If any of the Commissioners would like to use the Director's presentation, contact Cheri Ayers. Director Creagh expressed his appreciation to Communications staff for their outstanding efforts in helping to develop the Cabinet presentation.

Commissioner Coe encouraged Commissioners to keep the Governor's three objectives in mind – food processing, food exports, and health and wellness.

COMMISSIONER ISSUES

Commissioner Coe reviewed a retirement resolution before the Commission recognizing Karla Faye Christenson, DVM, who is retiring from the Animal Industry Division after over 19 years of service to the State of Michigan.

MOTION: COMMISSIONER FIKE MOVED THE RESOLUTION FOR KARLA FAYE CHRISTENSON, DVM, BE ADOPTED WITH BEST WISHES FOR HER LONG AND HEALTHY RETIREMENT. COMMISSIONER HANSON SECONDED. MOTION CARRIED.

Commissioner Coe asked that Commissioners advise him of any questions they may have regarding the recent audit report and he will communicate those to the Director.

The Director reported bargaining discussions have begun with the employee unions around the requested employee concessions for \$145 million in general funds and \$265 total funds. Attempts are being made to negotiate with the unions, primarily on the benefits side.

PUBLIC COMMENT

No public comment was requested.

Director Creagh recognized former Commissioner Doug Darling, who was attending the meeting today.

ADJOURN

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

The meeting was adjourned at 12:14 p.m.

Attachments:

- A) *Agenda*
- B) *Agriculture and Rural Development Commission Meeting Minutes June 15, 2011*
- C) *Director Keith Creagh – Issues of Interest Report*
- D) *Gene Thompson Scholarship Briefing*
- E) *Legislative Status – July 2011*
- F) *“MSU Extension’s Redesign” PowerPoint Presentation*
- G) *“Michigan Rural Electric Cooperatives” PowerPoint Presentation*
- H) *“Michigan Country Lines” Magazine*
- I) *“MDARD Database and Mapping Project” PowerPoint Presentation*
- J) *Michigan Good Food Work Group Reports:*
 - *Farm Viability and Development*
 - *Youth Engagement and Opportunity*
 - *Institutional Food Purchasing Report*
 - *Food System Infrastructure Report*
 - *Good Food Access Report*
- K) *MAEAP Standards Preliminary Documents:*
 - *Livestock *A* Syst*
 - *Supplemental Environmental Risk Assessment Information and Tools*
 - *Farm *A* Syst*
 - *Emergency Planning for the Farm*
 - *Crop *A* Syst for Field Crop and Vegetable Producers*
 - *Crop *A* Syst for Nursery Crop and Christmas Tree Producers*
 - *Crop *A* Syst for Fruit Producers*
 - *Greenhouse *A* Syst for Michigan Producers*
- L) *“Michigan’s Food and Agriculture Industry” PowerPoint Presentation*
- M) *Resolution for Karla Faye Christenson, DVM*