

MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT

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

MEETING MINUTES AUGUST 17, 2011

PRESENT:

Don Coe, Chairperson, Michigan Commission of Agriculture and Rural Development
Velmar Green, Vice Chairperson, 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

ABSENT:

Diane Hanson, Michigan Commission of Agriculture and Rural Development
Jennifer Fike, Secretary, Michigan Commission 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 9:09 a.m. on August 17, 2011. Commissioner Green called the roll with Commissioners Coe, Green, Kennedy, and Director Creagh present. Commissioners Fike and Hanson were unable to join the meeting today.

APPROVAL OF AGENDA

MOTION: COMMISSIONER KENNEDY MOVED TO APPROVE THE MEETING AGENDA FOR AUGUST 17, 2011. SECONDED BY COMMISSIONER GREEN. MOTION CARRIED.

APPROVAL OF JULY 19, 2011, MEETING MINUTES

Commissioner Green noted one correction to his comments: on July 25, he hosted a tour for Corey Clawson, an aid to the Senate Agriculture Committee.

MOTION: COMMISSIONER GREEN MOVED TO APPROVE THE JULY 19, 2011, MEETING MINUTES AS AMENDED. SECONDED BY COMMISSIONER KENNEDY. MOTION CARRIED.

NEXT SCHEDULED MEETING

The next scheduled meeting will be held on Wednesday, September 14, 2011, at Constitution Hall, 525 W. Allegan Street, Lansing, Michigan.

PROPOSED 2011 MEETING SCHEDULE

Suggestion was made to hold the November 9, 2011, Commission meeting at the E.C. Heffron Laboratory in Williamston.

MOTION: COMMISSIONER KENNEDY MOVED TO APPROVE THE PROPOSED CHANGE IN THE 2011 MEETING SCHEDULE. SECONDED BY COMMISSIONER GREEN. MOTION CARRIED.

COMMISSIONERS' TRAVEL

Commissioner Coe traveled to attend today's meeting. There was no other travel submitted for approval.

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

COMMISSIONER COMMENTS:

Commissioner Green advised he recently participated in the Michigan Agriculture Breakfast in Washington, D.C., which was attended by Senators Levin and Stabenow, as well as aides from the Senate Agriculture Committee. Later that day, he attended a session with the Senate Agriculture Committee that provided an excellent update, during which Senator Stabenow's focus on Michigan agriculture was quite evident. Michigan is very fortunate to have the Senator as Chair of that committee.

Commissioner Kennedy advised that because crops were planted late, Michigan producers need time before the first frost, but that crops overall are looking good. The U.S. Department of Agriculture (USDA) production numbers published last week caused some market explosions and continue to push corn and soybean prices higher. Continued explosive markets for the year are anticipated and margin calls will be tight. He has attended some of the county fairs in his area, which have been very well attended and livestock auctions have been quite successful.

Commissioner Coe concurred that Michigan is very fortunate to have Senator Stabenow as chair of the Senate Agriculture Committee, and this is an opportune time for all sectors of agriculture to be involved with her office. The Northwest Michigan Fair enjoyed over 40,000 in attendance, and a current building program will increase the future capacity for that event. Tart cherries have been harvested, with a good crop and higher prices. Issues with labor continue and he is receiving calls from the Legislature inquiring what can be done to provide a safety net for migrant workers in Michigan. He recommended that representatives from the specialty crop industry present to the Commission with their recommendations for improving the situation for migrant workers.

DIRECTOR'S REPORT

Director Creagh advised migrant labor is a high priority for the Michigan Department of Agriculture and Rural Development (MDARD). Department staff, with Mark Swartz as the lead, have been working with the industry and the Departments of Licensing and Regulatory Affairs (LARA) and Civil Rights (MDCR). He and Derek Bajema continue to meet with others in the Administration to explore opportunities at the state level that support having a predictable supply of migrant farm laborers. There also have been preliminary discussions to ascertain the potential of developing the program around various factors, including migrant housing, worker sanitation, worker protection, and

normalizing Michigan Occupational Safety and Health Administration (MIOSHA) and Department of Labor (DOL) rules and regulations.

The Governor will be issuing a special message on healthcare in the near future. Food and agriculture will be an integral part of that message.

On July 20, he participated in the Environmental Protection Agency (EPA) Integrated Pest Management (IPM) Alliance Tour in the Traverse City area and he thanked Commissioner Coe for his assistance in that key event. Sponsored by the specialty crop industry, the tour is attended by EPA managers and other decision makers. It is intended to familiarize them with current issues that Michigan's crop growers are facing and demonstrate the impact their decisions have on the industry. While in the area, he attended a dedication event in Traverse City during which the state park was renamed as the Keith J. Charters Traverse City State Park.

The initial interagency meeting to discuss rural development was held recently. Capacities in that effort are being built within MDARD and the department looks forward to developing and implementing rural development initiatives throughout the state.

A meeting was held recently with Walmart to discuss their Michigan Heritage Agriculture Program, during which they expressed desire to purchase food close to their distribution centers, and they are looking to partner with Michigan growers. Meetings are being scheduled with Meijer, Gerber, and Spectrum Health regarding interest in developing a program around health, nutrition, and obesity.

The Governor and Lt. Governor participated in the very successful Farmers Market at the Capitol on August 4. The event celebrated the bounty and diversity of agriculture in Michigan.

Director Creagh presented to the GreenStone Farm Credit Services Board recently. GreenStone is focused on how Michigan can increase the economic impact of the food and agriculture industry from \$71 billion to \$100 billion and their role in that effort.

He expressed appreciation to the Governor and the Commission for the recent Governor's Summit on Production Agriculture held on August 3. The successful event resulted in some significant alignment being established. Measures of growth for the next 5 years provided the overarching goals for the day's discussions: 1) increase the economic impact of the food and agriculture industry from \$71 billion to \$100 billion, 2) double agricultural exports, 3) increase food and agricultural career jobs by 10%, and 4) improve access to healthy food for Michigan consumers by 20%. Gordon Wenk is the agency's lead in compiling a summary report, along with Bob Boehm from Farm Bureau and Doug Buhler from Michigan State University (MSU), who will review the report with Commissioners in September. On a parallel track, the Michigan Food Processors Summit draft report was discussed on August 16, and following review, considerable commonality with the Governor's Summit became evident. Those two summary reports will be integrated, from which implementation strategies will be initiated.

He and Michigan Department of Natural Resources (DNR) Director Stokes met with leadership of the cervid industry. Past impediments, future opportunities, and how to work collectively to grow the industry were discussed. The two directors also plan on meeting with the Bovine Tuberculosis (TB) Advisory Committee today to discuss TB in northeast Michigan.

The Department of Environmental Quality (DEQ), DNR, and MDARD are meeting regularly with both the environmental and the business communities to discuss common issues. This provides a good opportunity to interact with these groups. In addition, he will be presenting to the Mid-Michigan Regional Environmental Council next week.

At the end of September, he will be joining the Governor for a trip to Asia, including Japan, China, and South Korea. If anyone is aware of business needs or opportunities that could benefit from either of their participation, please let the Director know.

Director Creagh participated in the Michigan Agriculture Breakfast in Washington, D.C. While there, he also met with USDA Veterinary Services, who confirmed that occurrence of Pseudorabies (PRV) in feral swine would not have direct effect on the state's PRV status for the commercial industry. He also had the opportunity to discuss the feral swine issue with USDA Wildlife Services (USDA-WS), and met with Martha LaMont, who leads the Microbiological Data Program, which is an instrumental and critical program for the MDARD Laboratory.

A Workforce Training meeting was held recently with The Right Place and the Michigan Manufacturing Technology Center toward aligning skill sets with workforce requirements for the rural agricultural industry. Amy Epkey is the department's lead on education and industry workforce needs.

Relative to feral swine, the Administration made a commitment that Michigan would work more directly with USDA-WS on reducing the number of feral swine. Senator Stabenow designated Environmental Quality Incentives Program (EQIP) funds in the Saginaw Bay and Lake Erie Basin areas to allow cooperators to trap and shoot feral swine. Part of that program is a national surveillance system, whereby samples from those swine are sent to the various laboratories throughout the country for specific disease testing. One of those samples indicated positive for PRV, which will create a more targeted effort with USDA-WS toward reducing the feral swine population in that specific area.

In response to inquiry from Commissioner Coe, Director Creagh advised that a chain of custody with PRV samples from feral swine is not established because they are not regulatory samples. DNR has been very clear that hunters should shoot any feral swine encountered. Commissioner Coe suggested that implementing a bounty on feral swine might increase the numbers taken. Commissioner Kennedy felt that, because hunters are already shooting these animals whenever seen, a bounty would not make a difference. Director Creagh advised that potential implementation of a bounty will be factored into future discussions, as well as increasing public awareness of the situation.

Forest products and the availability of timber is an issue of key concern. Bill Bobier is the department's lead on forestry and energy issues. A forestry products plant in

Manistique closed recently due to financial issues. USDA Rural Development, the Administration, MDARD, and the Michigan Economic Development Corporation (MEDC) are involved in the issue. Any questions received should be directed to the department's economic specialist, Mike DiBernardo. Given the situation of the European economy, Commissioner Coe suggested it would be helpful if MEDC could develop data on how many agricultural businesses would potentially be at risk due to being financed from European banks.

Commissioner Coe advised that when Commissioners are contacted by the media, it most often is best to refer the inquiry to the department for response, specifically, Chief Deputy Director Gordon Wenk or Public Information Officer, Jennifer Holton.

DIRECTOR'S TRAVEL

Director Creagh requested out-of-state travel to Salt Lake City, Utah, to attend the National Association of State Departments of Agriculture meeting September 14-19, 2011, and to join the Governor for the September 23-October 1, 2011, trade mission to the Asian countries of Japan, China, and South Korea. In response to inquiry from Commissioner Green, the Director confirmed he is contacting various industries and organizations in preparation for his trip to Asia.

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

PUBLIC COMMENT (AGENDA ITEMS ONLY)

There was no public comment relative to agenda items.

LEGISLATIVE UPDATE: Derek Bajema, Legislative Liaison

Mr. Bajema advised the summer months have offered him the opportunity to participate in field visits with staff members to better understand the department's programs, which will help him be more effective in the future.

There have been no legislative session days since the July Commission meeting.

Department priorities discussed with the Governor's staff and the House and Senate leadership include rewrite of the Food Law, update of the Weights and Measures Act, repeal of obsolete rules, and funding of important programs. In response to question from Commissioner Coe, Mr. Bajema advised sunset clauses are often written into statutes, but are not a part of the construct of rules. At the Governor's direction, all rules in the department were reviewed, and any recommended repeals will follow the normal process of involving those stakeholders affected.

Because the rules review is a unique opportunity offered by the Administration, Commissioner Coe encouraged the department to be as complete and thorough as possible, bringing appropriate parties to the table and, if necessary, holding public hearings to ensure adequate input. Director Creagh confirmed the department will also work with the Commission during the process.

Mr. Bajema noted there is an approaching sunset in the Refined Petroleum Fund, which affects the department through funding provided for some of the Weights and Measures Programs. It is being closely monitored and the department will ensure there is a funding source for the programs.

The Nursery Law, P.A. 189, is being considered for changes and agency workgroups are currently meeting to discuss means of developing a more risk-based inspection process.

With the placing of the Michigan Environmental Assurance Program (MAEAP) into statute, a funding source needs to be identified. It is critical to provide certainty of the program's longevity, incentive for growers to become involved, and a means for reaching the goal of 5,000 verified farms. MDARD is working in conjunction with the Michigan Farm Bureau (MFB) to identify the best potential funding sources.

A funding source is also needed for the Farmland Preservation Program. With potential of the P.A. 116 Program transitioning to some other farmland preservation program, interest in enrolling or extending current agreements has generated a very high workload for staff. The program has historically struggled to find necessary funds.

Director Creagh advised he appreciates Mr. Bajema traveling in the field with staff to understand programs at the ground level. This is a great initiative on his part.

BUDGET UPDATE: Amy Epkey, Budget Officer

Ms. Epkey reported the recent agricultural tour conducted at the request of the Senate Fiscal Agency was a very successful event, with about 40 participants, including Senate and House Fiscal Agency staff, legislative representatives, aides from legislators' offices, and State Budget Office staff. The intent was to showcase the diversity of agriculture in Michigan and the various issues involved. The tour included visits to a nursery, a dairy farm, a blueberry processing plant, and a stop at a gas station. The tour was well received and very informative for the group. She thanked GreenStone Farm Credit Services, MFB, and the Michigan Agri-Business Association for sponsoring the event.

As part of the 2012 budget discussion, there is a \$265 million reduction for employee concessions, including \$145 million in general fund. Employees have already contributed over the years through salary freezes, banked leave time, furloughs, etc., and there has been a 21 percent reduction in the state workforce over the last decade. In the last five years, MDARD has lost 40 percent of its employees, currently having just over 400 staff. The issue being addressed is the long-term cost of on-going raises and employee benefits. The Office of the State Employer is committed to working with the unions to agree upon a concessions plan. In the meantime, each agency was asked to prepare a contingency concessions plan in the event there is no agreement. Obviously, there would be staff impacts associated with that plan, which would be a \$1.9 million reduction for the department.

She is leading MDARD's Workforce Development Initiative being implemented to align skill sets with industry needs, and is coordinating the effort with the department's

Economic Development Specialist Mike DiBernardo. The effort will have a regional focus and will cultivate partnerships, identify issues, and develop an overall strategy.

In response to question from Commissioner Coe, Ms. Epkey advised, if an employee reduction is necessary, the normal established protocols will be followed. Director Creagh mentioned the department is optimistic that the unions will successfully negotiate with the Office of the State Employer.

Commissioner Coe inquired about timing of the budget process. Ms. Epkey advised the budget development process begins in the fall with initial coordination at the State Budget Office, followed by legislative involvement in the spring. She maintains continuous contact with legislators and staff to follow-up on budget issues. Any support the Commission can provide on specific funding needs would be beneficial.

Once the Agriculture Caucus resumes meeting in the fall, Commissioner Coe requested their meetings be scheduled the evening prior to Commission meetings if possible. Director Creagh assured the Caucus would be advised of the Commission's request.

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

In response to question from Commissioner Coe, Mr. Johnson advised the repetition of various standards and questions in the MAEAP Standards for Verification is a result of the cross-over aspect of farm operations and efforts to create consistency between the various standards.

Mr. Johnson recognized the outstanding efforts of the MAEAP Administrative Committee under the leadership of Dr. Thomas Coon, from MSU, and Scott Piggott, from Michigan Farm Bureau. Contributions of the three System Workgroups were also recognized: the Farmstead System is chaired by Shelly Hartmann, from True Blue Farms; the Cropping System is chaired by Dr. Allen Krizek, from MSU; and the Livestock System is co-chaired by Dr. Dale Rozeboom, from MSU, and Gary Trimner, from the Michigan Milk Producers Association.

The MAEAP Standards for Verification represent the initial process of implementing the new program that was signed into law earlier this year. The Commission will be reviewing these over the next month and Dr. Coon and Mr. Piggott will present the Standards for Verification for formal approval by the Commission during their September meeting. This initial set of conditions for the MAEAP Program will allow producers to be verified under these standards and avail themselves of the benefits identified under the new legislation.

Commissioner Coe asked if there had been areas of controversy expressed by the industry. Mr. Johnson advised that as membership of the Advisory Council was expanded, it ensured a much more diverse consideration of the current materials as they were being revised appropriately for the new program.

Commissioner Coe advised the Commission needs to ensure public and industry input into the development process. Mr. Johnson confirmed the Advisory Council represents a very broad spectrum of the industry, as well as those with knowledge of a general public perspective regarding environmental concerns on the farm. The MAEAP Program is a move toward best management practices to manage environmental risk, as opposed to the Generally Accepted Agriculture Management Practices (GAAMPs) that address nuisance issues and represent a more broadly defined public issue.

Mrs. Wilford confirmed the real work on the standards has been accomplished in the systems committees that are strongly represented by industry and other interested parties. She complimented the industry for their work on the MAEAP Program over the last twelve years and their increased efforts in developing the new standards. She added that all notices of meetings and meeting notes have been posted on the MDARD website and anyone requesting information has been added to the carbon copy mail list. The Advisory Council is as open and transparent as possible.

Ms. Wilford noted the systems committees have identified some roadblocks or areas that are difficult for some farmers to attain. These issues involve consideration of numerous elements and the systems committees will address those as the program moves forward.

Dr. Coon confirmed the MAEAP Verification Standards development has been a very open process with input from a very broad group. The "parking lot" issues identified are those areas where there is not yet agreement and rather than codifying something now that would be inflammatory, those issues will be considered over the next year.

Commissioner Coe noted the standards have been developed by working groups, there has been opportunity for input on issues, a baseline is being established, unresolved issues will be addressed over the next year, and the standards are voluntary. With those levels of comfort, he confirmed the Commission is ready to move forward on the process. Additionally, incentives and funding need to be established to validate the program as it moves forward.

Mr. Johnson advised the MAEAP Verification Standards provided to the Commission this month include only those items required for verification. The source for individual standards is included in each system document.

In response to question from Commissioner Green, Mr. Johnson advised efforts toward funding the program are being initiated. To reach the Governor's goal of 5,000 verified farms by 2015, the internal issue of required staff to verify operations and the challenge of providing technical assistance on the farm must be addressed. The department has begun exploring various options for funding.

Next month, the Verification Protocol will also be presented for Commission approval. The protocol establishes the processes for determining if an operation is verified, re-verified, or verification should be revoked. Revisions are anticipated prior to the document being provided for the September meeting. In response to inquiry from Commissioner Coe, Ms. Wilford advised the Attorney General has not yet reviewed the

document. This baseline protocol closely aligns with requirements of the law, which includes a requirement for re-verification within three years in order for producers to maintain qualification for incentives.

ADJOURN AND RECONVENE

Chairperson Coe adjourned the meeting at 10:28 a.m. for a brief break. He reconvened the meeting at 10:40 a.m.

THE RIGHT PLACE, INC. – REGIONAL RURAL DEVELOPMENT PROJECTS: Rick Chapla, Vice President, Business Development

Mr. Chapla advised that, serving west Michigan since 1985, The Right Place, Inc., is a regional non-profit economic development organization. Their mission is to promote wealth creation and economic growth in the areas of quality employment, productivity, and innovation in west Michigan by developing jobs through leading business retention, expansion, and attraction efforts.

To expand its regional footprint, The Right Place created a new 13-county collaborative effort that meets on a monthly basis. He explained the purpose of the collaborative effort is not to replace economic development in those areas, but rather to partner with and augment those efforts. They are leading the implementation of a standard database between the counties, the state, and MEDC.

Particular regional collaborations include relationships with Kent, Newaygo, and Ionia Counties. Through established contractual relationships, those counties can easily tap into The Right Place resources on an as-needed basis. This has future implications for other counties as well.

Food processing and agri-business strategies were added to the Right Place strategic plan in 2010. The Right Place recognizes the absolute total value of agricultural business and food processing, and successful recent projects include Hearthside Food Solutions, Roskam Baking, Gordon Food Service, and the Food Processing Networking Group.

Future opportunities include an infrastructure assessment of current land use; creation of a Next-Michigan Development Corporation that links infrastructure development to transportation and land use; expand services as a Michigan Manufacturing Technology Center for west Michigan to provide companies with lean manufacturing strategies, best management practices, and environmental stewardship efforts; and expand the urban-rural partnership vital to west Michigan. They also plan to continue partnering with MDARD to advance rural development and agricultural interests in west Michigan.

Commissioner Coe noted The Right Place seems to be well aligned with the three overriding principals adopted by the department relative to rural development: rural economic development constitutes regional activity; collaboration is critical; and focus must be on investment and jobs creation. In response to inquiry from Commissioner Coe, Mr. Chapla advised their units of local government completely understand regionalism and they are not seeing any barriers to economic development in west

Michigan. Financial assistance has been somewhat tight in the area and in the future will be coming from the smaller Michigan banks and private, non-traditional sources.

Director Creagh advised the department has been working closely with The Right Place and appreciates that relationship, which will continue in the future.

MICHIGAN MUNICIPAL LEAGUE – RURAL DEVELOPMENT INITIATIVES: Daniel Gilmartin, Executive Director and CEO

Mr. Gilmartin thanked the Commission for the opportunity to present and announced the recent publication of Michigan Municipal League's (MML) book entitled, "Economics of Place." The book focuses on the concept of placemaking and what MML has learned as a result of its research and analysis. The book is available through their website.

MML is a state association for Michigan cities and villages to advocate, educate, and inform – to help create communities for the next 50 years. The world is changing fundamentally and technology is driving new economic realities. An evolution toward a services market is occurring world-wide, which represents the single largest labor force migration in human history. We need to better understand what this means to our industry and what skills 21st century workers will bring to this new global marketplace.

In Michigan, quality of life is declining (in 2009, Michigan was 37th in per capita income – a drop of 19 places in 8 years), manufacturing as we know it is gone, and we are not adapting to the knowledge-based economy. Currently, 46% of Michigan college graduates are leaving the state and we are under-investing in our universities and community colleges. In a global economy, young people first choose where to live and then look for work. There is world-wide competition for talent in a technological market that allows people to work from anywhere.

States prospering in the U.S. have at least one major thriving metropolitan area with a high concentration of young, creative talent. For sustainability, we need to begin measuring jobs in small numbers, not thousands. A sense of place must be established – placemaking is about turning a neighborhood, town, or city from a place you can't wait to get through into one you never want to leave. When focusing on place, everything is done differently and demographics are drastically changing. It becomes building communities around happiness and well-being and focusing on the importance of the ordinary citizen in planning.

Challenges facing small communities include retaining economic viability in the face of globalization, retaining cultural identity and character in a changing world, and developing sustainable niches that will play a pivotal role in regional, national, and global economies. Every community has a story to tell and it is important to leverage those attributes. Collaboration and networking between urban and rural are essential for success.

As a result of their research, MML's Center for 21st Century Communities focuses on eight key assets: physical design and walkability, green initiatives, cultural economic development, entrepreneurship, multiculturalism, messaging and technology, transit, and education (K-16). The Center provides a wide range of resources and services for

member communities committed to implementing projects and programs that relate to one or more of the asset areas.

Commissioner Green noted those assets are difficult to provide in rural areas. Businesses in his local community of Elsie have closed and expansion is discouraged because of local regulations and the structure built into its economy. Mr. Gilmartin acknowledged those factors and advised it often is a community design issue, which is a message that needs to be communicated in moving toward communities for the next 50 years. In response to question from Commissioner Kennedy, Mr. Gilmartin advised MML represents over 500 communities throughout Michigan, many with a population of less than 5,000, and noted that education of government officials and others involved is key to changing the focus toward creating communities that work.

Commissioner Coe concurred that the education component is key, along with the necessity for regionalism and collaboration of efforts. He also acknowledged and cited examples of the importance of input from ordinary citizens, the critical need of regional transportation networks, creating green and sustainable communities, and access to technology. He applauded the efforts of MML in addressing these issues.

Director Creagh thanked Mr. Gilmartin for MML's assistance in informing leadership and the rural/urban intersect. That interconnectivity will continue in the future. Mr. Gilmartin added that regionalism is a larger public policy question. Each governmental unit in the past had been treated as its own entity and to create a different Michigan, we need to create opportunities for future consolidation and collaboration.

MICHIGAN TOWNSHIPS ASSOCIATION – RURAL DEVELOPMENT ACTIVITIES: Bill Anderson, Legislative Liaison

Mr. Anderson reported the Michigan Townships Association (MTA) promotes the interests of township government by fostering strong, vibrant communities, advocating legislation to meet 21st century challenges, developing knowledgeable township officials, and encouraging ethical practices of elected officials who uphold the traditions and unique characteristics of township government and the values of the people of Michigan.

MTA represents 1,240 townships, which includes some of the largest communities in the state, along with some of its smallest. Michigan is extremely efficient in its delivery of service at the local level as compared to the national model. For example, Michigan's township cost per person to provide police protection ranks 28th in the nation and the state is 43rd in the nation in cost of providing general governmental services.

MTA serves 96 percent of the land mass in the state. More than one-half of Michigan's citizens currently live in townships, as compared to 1963 when two-thirds lived in cities. An interesting poll was conducted in 2008 asking citizens in which setting they would prefer to live – 14 percent indicated they would want to live in an urban area, 29 percent in suburban, and 55 percent in a rural or country setting; and even 41 percent of the younger population indicated a preference for a rural setting. Many townships have been criticized for attempting to curb growth in their communities; however, most are now very receptive to growth.

MTA is extremely excited about the new role of the department in assuming rural development issues and is supportive of the Governor's economic gardening concept. As part of rural development, there are many entrepreneurs and small businesses needing assistance and local units of government can offer various assets to support those businesses.

For decades, townships have been the economic engine of Michigan prosperity and have recently identified their role in reinventing Michigan through the "Pillars of Prosperity" which include: attractive communities, targeting knowledge-based industries, strong agriculture, wise use of natural resources, effective education, and an entrepreneurial and diverse culture. MTA has met with the Director and encourages MDARD's participation in their annual conference to ensure the department has full access to township officials.

High-speed access is one of the largest challenges to rural communities. It is as crucial to business today as electricity was in 1930. Desirability of communities is an absolute and is driven by environment. Planning and zoning of a community centers around trying to build a better community for the long term.

The diversity of agriculture in Michigan actually creates a challenge in marketing, because there is no single component around which to focus in attracting research, processing, etc. This sometimes prohibits projection outwardly and is another challenge facing rural communities.

Commissioner Coe advised he felt the real issues have not been identified. This Commission has made a commitment to one job at a time, one dollar of investment at a time. As a small businessman, the largest barrier to starting his business was township government. The township government in his area has never sent a representative to any regional planning, economic development, or community planning meeting; and yet, zoning barriers are continually discussed as the largest problem for businesses. This is the lowest common denominator holding back economic development. There is no educational requirement for township planning officials and certification in that profession is needed to effectively deal with the complicated issues involved. There is a need to communicate the urgency of creating permissive zoning, removing prohibitions on small businesses, and working collaboratively to reinvent Michigan.

Mr. Anderson advised that being a regulatory agency, MTA is subject to criticism, and controversy always exists between those who want more and those who want less. The underlying issue is that as we change business models, we change parameters for any given business. The current key issue for townships is dealing with green energy and conflicting opinions of the communities. MTA's challenge lies in knowing how to evolve as the economy evolves.

Commissioner Coe added that a complete review of the Zoning Enabling Act is needed to determine current suitable activities and appropriate areas for zoning. If MTA could join in an effort to revise the Act into a dynamic document that meets the needs of a changing society, it would be very welcomed. Mr. Anderson advised MTA is continually

reviewing the Act and they are well aware the written word rarely encompasses the full scope of the issues involved.

COMMISSIONER ISSUES

Commissioner Green expressed concern regarding timing of Food and Dairy Division inspections at the Michigan Milk Producers Association plant in Ovid causing considerable downtime for that operation. This affects not only productivity of the plant, but has ramifications for the farms and truck drivers as well. Director Creagh advised although most employees work between 8:00 a.m. and 5:00 p.m., the department will investigate and implement changes to minimize downtime for the plant and make the inspection process as efficient and effective as possible.

PUBLIC COMMENT

Amy Trotter, Michigan United Conservation Clubs (MUCC), advised relative to the discussion of a bounty for shooting feral swine, MUCC does not support using the state's limited funds for bounties. Based on reports from two organizations that have implemented bounties on feral swine, it has not been an effective tool in managing populations. MUCC agrees that hunters will shoot feral swine in the field when they have the opportunity. Continued awareness and education are essential.

In response to question from Commissioner Coe, Ms. Trotter advised MUCC supports the Invasive Species Order scheduled to become effective in October. They also feel the Sporting Swine Legislation has been improved considerably since its introduction, but is supportive of stronger regulations to match the standards developed by the Swine Bio-security Workgroup. Short of a timely political solution, MUCC feels the Invasive Species Order is the option.

Commissioner Kennedy encouraged MUCC to continue communicating the extent of habitat destruction caused by feral swine. He complimented MUCC on their efforts.

In response to inquiry from Director Creagh, Ms. Trotter advised MUCC communicated to Senator Stabenow's office their support of the allocation of USDA EQIP funds toward feral swine eradication efforts. Director Creagh advised that anything MUCC could do to continue highlighting the feral swine issue and supporting utilization of funds toward the eradication effort would be appreciated.

E.J. Brown, Michigan Association of Fairs and Exhibitions (MAFE), gave an update on the 86 county fairs across the State of Michigan. Attendance has been strong at all fairs held to date and livestock sales have seen higher numbers in comparison to the previous two years. There also are 15 harness racing fairs this year. Based on 2009 figures, the MAFE has a \$145 million economic impact on rural communities during those fair weeks, which doesn't consider the other 51 weeks of the year when there is activity at each of the fairgrounds.

Commissioner Coe asked if MAFE could poll its members to determine if the Pure Michigan Campaign had drawn traffic to their fairs. Mr. Brown advised he would be glad to send that inquiry to members and report back to the Commission.

ADJOURN

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

The meeting was adjourned at 12:20 p.m.

Attachments:

- A) *Agenda*
- B) *Agriculture and Rural Development Commission Meeting Minutes July 19, 2011*
- C) *Proposed 2011 Meeting Schedule*
- D) *Director Keith Creagh – Issues of Interest Report*
- E) *Legislative Status – August, 2011*
- F) *MAEAP Verification Standards*
- G) *The Right Place, Inc., PowerPoint Presentation*
- H) *The Right Place, Inc., Brochure*
- I) *The Right Place, Inc., Annual Report*
- J) *The Right Place “West Michigan Agriculture – the Status and Conditions” Booklet*
- K) *“Creating a Prosperous Michigan” - Michigan Municipal League (MML) PowerPoint Presentation*
- L) *“The Center for 21st Century Communities – Creating a Prosperous Michigan” (MML) Brochure*
- M) *“Townships: Our role in Reinventing Michigan” (MTA) Brochure*
- N) *“2011 Michigan Fairs and Events” Brochure*