

# MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT

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

## MEETING MINUTES DECEMBER 14, 2011

### **PRESENT:**

Don Coe, Chairperson, Michigan Commission of Agriculture and Rural Development  
Velmar Green, Vice Chairperson, Michigan Commission of Agriculture and Rural Development  
Jennifer Fike, Secretary, Michigan Commission of Agriculture and Rural Development  
Diane Hanson, Michigan Commission of Agriculture and Rural Development  
Bob Kennedy Michigan Commission of Agriculture and Rural Development  
Keith Creagh, Director, Michigan Department of Agriculture and Rural Development

### **CALL TO ORDER AND ROLL CALL**

Chairperson Coe called the meeting of the Commission of Agriculture and Rural Development to order at 9:05 a.m. on December 14, 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 DECEMBER 14, 2011. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.**

### **APPROVAL OF NOVEMBER 9, 2012, MEETING MINUTES**

**MOTION: COMMISSIONER KENNEDY MOVED TO APPROVE THE NOVEMBER 9, 2012, MEETING MINUTES. SECONDED BY COMMISSIONER FIKE. MOTION CARRIED.**

### **NEXT SCHEDULED MEETING**

The next scheduled meeting will be held on Wednesday, January 11, 2012, at the E.C. Heffron Laboratory in Williamston.

### **COMMISSIONERS' TRAVEL and COMMISSIONER COMMENTS**

**Commissioner Fike** traveled to a Food Hub meeting facilitated by the Michigan Department of Agriculture and Rural Development (MDARD), during which there was considerable enthusiasm toward creating food hubs across the state. She also attended the Great Lakes Fruit, Vegetable, and Farm Market Expo in Grand Rapids, including the hoop house production session and various other events. She will be providing Senator Levin's staff with an update on various activities in southeast Michigan.

**Commissioner Hanson** attended an Agriculture Council meeting in Monroe County and the Farm Bureau Annual meeting in Grand Rapids. The weather continues to be very dry in the Upper Peninsula (UP).

**Commissioner Green** attended Senator Stabenow's Rail Infrastructure hearing in East Lansing and it is evident improvements in the rail system are needed. In his area, crops are harvested and yields have been exceptional. Many dairy farmers are expanding their operations, which is helping to improve the economy.

**Commissioner Kennedy** reported harvest is virtually complete throughout the state, with overall good yields, which translates into money funneling back into the economy. Michigan fared better than many of its neighboring states. Between the issues with the European economy and the MF Global collapse, he suggested that a contingency plan should be in place to keep programs operating in the event that major economic factors change in the future.

**Commissioner Coe** attended the Food Hub meeting in Lansing, which clearly identified a number of emerging food hubs and is a priority of the U.S. Department of Agriculture (USDA). He also attended the Michigan Farm Bureau Annual meeting, after which he was requested to sign a letter to the U.S. Department of Labor (DOL) on behalf of the Commission relative to the U.S. DOL proposed rule for agricultural youth employment that would essentially prohibit youth under the age of 16 from performing most job functions on farm operations. Based on discussions during previous Commission meetings, he signed the comment letter. He participated in several meetings during the Great Lakes Fruit, Vegetable, and Farm Market Expo in Grand Rapids, including a presentation by the Michigan Economic Development Corporation (MEDC) on the Pure Michigan Program. During the annual banquet, former department Director Don Koivisto was presented with the Master Farmer Associate award by the Fruit and Vegetable Association. The Commission extended its congratulations to Mr. Koivisto.

Commissioners Coe, Fike, Hanson, and Kennedy also 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 FIKE. MOTION CARRIED.**

### **DIRECTOR'S REPORT**

Director Creagh reviewed the current key issues of interest for the department, noting staff met with the Pigeon Cooperative and the Michigan Department of Corrections (MDOC) regarding the supply of Michigan products to MDOC institutions. In response to question from Commissioner Coe, the Director will ask MDOC Director Heyns to present to the Commission on MDOC activities around agriculture.

The Director joined Doug Smith for a follow-up meeting with Consul General Matsuda to discuss the various opportunities for exporting Michigan agriculture products to Japan. Aquaculture was the topic of a recent meeting with Michigan State University (MSU),

around which there are a number of efforts underway. During the Food Hub meeting, plans were discussed for five pilot projects to build business clusters around food and agriculture.

At the Interagency Collaborative Council (ICC) meeting, there were presentations from Traxys, a biomass and mining firm that is active in the UP, and the Karegnondi Water Authority, which is a Flint-Genesee County project that is an opportunity for rural development.

The Michigan Department of Natural Resources (MDNR) announced staffing changes, including Dennis Knapp being named Chief of Staff, Ed Golder will be the Public Information Officer, and the establishment of the Timber Advisory Council, which will advise both MDNR and MDARD on forestry issues.

The Governor's State of the State Address is scheduled for January 18.

The Director and Doug Smith visited Battle Creek Unlimited, which focused on their food and agriculture activities with Kellogg, food processors, Covance, and the International Food Protection and Training Institute.

During Senator Stabenow's Rail Infrastructure meeting, it was suggested the state compile a more comprehensive request under the Federal Rail Loan Program, and MDARD and MDOT are exploring option to assist in the development of that application. The Federal Government has also made a commitment to review the applications within a shorter timeframe.

Directors Wyant, Stokes, and he participated in a meeting with alumni from the agencies' Leadership Academies. There is interest in reconstituting that effort in the future.

The initial meeting of the Wheat Committee was held this week. Information on the committee members and elected chair will be forwarded to the Commission.

In support of the Governor's Health and Wellness message, the department has met with the Michigan Department of Community Health (MDCH), Michigan Department of Human Services (MDHS), and Gerber to develop early childhood interventions around health and nutrition.

MEDC appointed Donna LaCourt as the lead person for agriculture export and she will work closely with MDARD's Jamie Zmitko-Somers. Ms. LaCourt will be invited to present before the Commission during the next year.

The Director shared a copy of the Declaratory Ruling for the Invasive Species Order, which was issued yesterday. The ruling was developed in consult with the Attorney General's Office and with input from MDNR, Michigan Department of Environmental Quality (MDEQ), and MDARD.

### **DIRECTOR'S TRAVEL**

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

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

Since each request for Public Comment was relative to the Generally Accepted Agriculture and Management Practices (GAAMPs), it was agreed those should be taken later in the meeting, just prior to discussion of GAAMPs related agenda items.

## **TIMBER HARVEST ON FEDERAL LANDS IN THE UPPER PENINSULA: Bill Bobier, Policy Specialist, and Stephen Shine, Pollution Prevention Section Manager, Environmental Stewardship Division**

At request of the Commission, Bill Bobier and Stephen Shine presented a whitepaper on Michigan's Forest Industry, which was in response to resolutions presented to the Commission in November requesting the federal government pay closer attention to the timber harvest on federal land in Michigan, noting these tracks are underutilized.

Currently, the forestland in Michigan is over 19.7 million acres. Forestland ownership includes 3.2 million corporate acres, 4.5 million acres is state/local, federal forestland and parks comprise 3 million acres, and family-owned represent 9 million acres. Because timber growth and harvest is the primary reason for corporate ownership, a greater portion of their forestland is considered timberland.

The most recent U.S. Forest Service Forestry Inventory and Analysis (FIA) numbers were reviewed, noting that growth clearly exceeds harvest in all regions of the state and much of the mortality is salvaged during harvest. Establishing management practices on non-industrial forests is an identified problem of nearly a national scale. However, the issue before the Commission concerning the under harvest in national forests is also borne out by the FIA. Growth far exceeds the combined total of mortality and harvest on federal land.

On the federal level, the National Environmental Policy Act (NEPA) and the National Forest Management Act are the principal laws governing the national forests. "Allowable Sales Quantities" are established in these plans, but many feel the harvest goal is initially low and rarely met in both timeliness and quantity. The resulting impacts in forest health and wildfire in the American west have attracted most of the media attention; however, the impacts of underutilization of the timber resource on our own communities should not be ignored. Proper use of natural resources by land based industries is a key component of rural development. The unsnarling of this problem may be very difficult and clearly needs to be facilitated at a high political level.

Mr. Shine noted that based on surveys conducted by MSU, it is suggested that 80 percent of the non-industrial private forestland (NIPF) is not actively managed, and the 11 million acres of NIPF may present the better opportunity to affect change.

In response to inquiry from Commissioner Coe, Director Creagh confirmed the department has no direct impact on utilization of federal lands. Also, since there was confusion on roles and responsibilities, the Timber Advisory Committee was established and will advise both MDARD and MDNR. MDNR responsibly manages the state forest lands and the two agencies share responsibility for NIPF. MDARD has a good relationship with the mills and issues the phytosanitary certificates for high valued

lumber exported from the state. Part of MDARD's budget proposal is to increase capacity in this area, including a proposal to hire two district foresters.

Commissioner Coe advised he has seen a number of zoning commissioners making it difficult for small farmers to realize value from their woodlots and suggested, as an area under rural development, this may be an issue for the Timber Advisory Committee to consider. Commissioner Green advised that many farmers have no desire to harvest their trees and the committee should be aware of that mindset as well. Director Creagh advised a very detailed proposal for NIPF has been developed and these issues will be kept in the forefront as we move forward toward better management of NIPF.

In response to the resolutions received from the various UP counties, Commissioner Coe requested a letter be drafted by the department to the U.S. Forest Service encouraging them to responsibly and sustainably manage their forests as part of the economic recovery.

In response to question from Commissioner Fike, Mr. Shine advised funding for forestry has been enhanced through the Conservation title in the Farm Bill. He emphasized the importance of increasing the use of management plans, including a competitive bidding process for sustainable harvest. Providing for outreach to educate private owners is another issue the Timber Advisory Committee can address.

**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION RURAL AND ECONOMIC DEVELOPMENT ACTIVITIES: Doug Smith, Senior Vice President, Strategic Partnerships, Michigan Economic Development Corporation**

Mr. Smith noted MEDC has engaged in various activities targeted toward job creation in the state and emphasized there now is much more interaction between his agency and MDARD. Yesterday, the Legislature approved \$100 million for incentivizing businesses moving forward. Half of those funds are in the business development fund and the other half in community revitalization, both of which provide opportunities for agribusiness.

He joined the Governor and Director Creagh on the trade mission to Asia, during which the importance and excellent future opportunities in agricultural exports to that area became very evident. With the recently approved Free Trade Agreement with Korea, prior restrictions to agricultural product imports from Michigan were eliminated.

Because consumer spending is expected to remain weak and government spending is declining, MEDC and MDARD working closely together blends well with the economic drivers from which our recovery will actually come – business investment and exports. Exports present the real opportunity for growing the economy.

MEDC recognizes that business development, community development, and talent development collectively comprise economic development. Typically, 85 percent consists of retention work, around which a community is involved in each instance.

The Interdepartmental Collaborative Council (ICC) was formed to coordinate development efforts in collaboration with partner agencies. Along with MEDC staff, the Council includes representatives from MDARD, MDNR, MDEQ, and Transportation

(MDOT). These pillars of economic development are now working together toward Michigan's economic future.

Working with our partners, three systemic areas form the current key tasks at hand – coordinate international trade, focus on rural and agribusiness, and include community development. A new federal grant allows MEDC to pay for 50 percent of trade mission expenses for local businesses, which will open the door to many more companies. MEDC recognizes that 74 of Michigan's 83 counties are primarily agricultural and more breadth in assistance needs to be created for agribusinesses. The local economic development process now considers three aspects: it is a good business deal, is there a gap in financing, and does it fulfill a public purpose?

To eliminate confusion and gain effectiveness, the collaborative effort aligns state resources, eliminates duplication of services, provides more effective/efficient access to resources, and allows MEDC to focus on regional/local priorities. A map specifying the ten Michigan regions established was reviewed depicting initial economic development collaboratives across the state, which provides insight for realignment of service areas for economic development driven by local priorities. Service providers meet on a monthly basis to better coordinate efforts.

Current MEDC projects include Salesforce (data collection pilot), Pure Michigan (marketing), deployment of resources, and the Edward Lowe Foundation Project. Projects in development include the STEP (State Trade and Export Promotion) Grant, the Revolving Loan Fund, and rural projects.

We are world class at competition; we must be world class at collaboration.

Commissioner Coe personally requested that MSU Extension be included in the regional collaborative groups, as well as the local economic development corporations. Mr. Smith advised that MSU Extension has been included in discussions from the beginning and will be listed as a partner on documents in the future.

Relative to the Pure Michigan Campaign, Commissioner Coe suggested the definition to qualify for use of Pure Michigan identification be: "At least 50% of a product will have been sourced or value-added from within Michigan." Commissioner Fike agreed the definition needs to meet the intent of Pure Michigan. Director Creagh advised the department has been directly involved with MEDC in developing guidelines for the campaign and will communicate the above suggestion. Mr. Smith advised he will also weigh in on the situation to ensure a timely resolution.

Commissioner Coe noted that local units of government need to share in the vision and passion of the state agencies toward economic development in Michigan. Mr. Smith agreed much needs to be done to move in that direction and considers it a priority.

Director Creagh thanked Mr. Smith for all of the support MDARD receives from MEDC, noting the departments now often share many podiums, and MEDC's support has been outstanding.

**“A YEAR IN REVIEW” – MICHIGAN DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT 2011 ACCOMPLISHMENTS: Gordon Wenk, Chief Deputy Director**

Chief Deputy Director Wenk reported it has been an exciting, fast-paced year and much was accomplished by the department, as noted in the detailed report provided. Today, he would like to provide a higher level view of those accomplishments.

Looking back on the past year, it is evident we have seen a wealth of change. From a new Governor and Legislature taking office to the addition of Rural Development to the department’s mission – we have experienced a new era.

MDARD started the year with new Commissioners and a new Director, and with a questionable budgetary future, vacant leadership positions, and unclear direction. A year later, we have a great management team in place, a stabilized budget environment, and a great partnership with the Quality of Life group.

Through the Quality of Life group, we have been able to enter into cooperative agreements in a variety of areas including marketing, photography, and graphic design, saving the department nearly \$90,000 while still delivering top-notch publication materials. Additionally, we have worked with the Center for Shared Solutions in relation to MDARD being able to complete geo-coding of initial data sets to create maps depicting relative locations of food processors, grain dealers, highways, trunk lines, and railroads.

During his State of the State Address, the Governor mentioned the need for accomplishing major outcomes to reinvent the State of Michigan through creating vibrant communities, skilled talent, healthy foods, and strong eco systems. And three pieces of specific legislation were mentioned – codification of the Michigan Agriculture Environmental Assurance Program (MAEAP), item pricing, and use of the 21<sup>st</sup> Centuries Jobs Fund for agricultural activities – all challenges MDARD met within the first three months of the year.

Some of the department’s goals for the year were to establish lines of communication with the new legislative leaders, stakeholder groups, and employees in order to showcase the vital role MDARD and the food and agriculture industry could play in the state’s economic reinvention.

By focusing on these goals, MDARD now has a tremendous advocate in the Governor’s Office and good rapport with the Legislature. Through regional visits and an all-employee meeting, there is an uptick in employee morale and other state agencies looking for how they can bring the MDARD culture into their agency. We have also been able to create conversation and energy around the food and agriculture sector. This industry has long been a bedrock for economic stability for the state of Michigan and seeing the excitement bubbling throughout the countryside about the new possibilities and opportunities in agriculture are thrilling and long overdue.

MDARD based its 2011 goal outcomes on the departmental priorities of sustaining environmental stewardship, protecting animal and plant health, assuring food safety, providing consumer protection, and enabling rural development. Specific achievements

included codifying MAEAP (PA 1 & 2); obtaining split State Status for bovine TB; receiving the Rapid Response Team FDA grant; Heffron Lab being one of 11 states to achieve NIST and NVLAP accreditation; the new item pricing business model (PA 15); and being successful in partnering with MEDC in obtaining the STEP grant, which provides an additional export staff person.

Also, as part of our goal to enhance communication and identify shared goals, MDARD hosted two major summits – one on food processing and one on production agriculture. Recommendations from those summits were developed toward five major goals: 1) increase the economic impact of the food and agriculture industry from \$71 billion to \$100 billion in 5 years, 2) double agricultural exports in 5 years, 3) increase food and agricultural career jobs by 10% in 5 years, 4) improve access to healthy foods for Michigan consumers by 20% in 5 years, and 5) increase sustainable food and agriculture systems by increasing MAEAP verifications from 1,000 to 5,000.

Throughout this year, we have experienced the food and agriculture sector having been included in ways it hadn't been before as we work to reinvent and reinvigorate the State of Michigan. Examples include agriculture being mentioned in all but one of the Governor's special messages, the convening of the overall Interagency Collaborative Council (ICC) with the department directors, and the specific ICC sub-committees in a variety of specific areas.

In assuming the rural development role, we are working collaboratively with our sister agencies in focusing on land based industries, agriculture talent, regional cooperation, energy, transportation and infrastructure, communication/broadband, tourism and marketing, and health and housing.

Metrics have been established for each of the program areas to track progress. These are depicted in the MiScorecard Performance Summary, which is updated monthly. Commissioner Coe requested that MDARD's MiScorecard be shared with the Commission on a regular basis.

Additionally, the role of the Commission in focusing efforts on rural development opportunities, as well as hosting informational sessions during regular Commission meetings, have been essential as the department progressed through the year. He thanked the Commissioners for their outstanding leadership.

The Commission expressed its appreciation to the department for its leadership and progress achieved in each of the areas affecting agriculture. As requested by the Governor, MDARD is moving forward with relentless positive action. The Commission is pleased to continue to assist the department in bringing issues to the forefront.

Director Creagh thanked Chief Deputy Director Wenk and the senior management team for all of their efforts this year. Their extra commitment and passion were evident in the successes realized.

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



Ms. Epkey reported the state has an approximate \$1.2 billion balance for 2011, which is comprised of lapsed funds from the various state agencies. MDARD had an unused balance of \$42,000 in general funds for the year, which was attributable to consolidation of the Accounting Service Center. Some of the restricted funds also have balances moving into 2012. The department's budget is 40 percent restricted funds, 40 percent general fund, and 20 percent federal dollars. There is concern regarding the \$400,000 federal dollars received for the Microbiological Data Program which tests fruits and vegetables to prevent food borne outbreaks. It is likely those funds will not be available for 2013.

As we move into 2012, the department is in a solid position and is engaged in 2013 budget discussions with the State Budget and Governor's Offices. The State of the State address will be January 18, followed by the Governor's budget proposal shortly after. At this point, discussions are very encouraging, recognition of agriculture's importance is evident, and future opportunities are being considered. Rather than having to focus on reduction plans, we are able to consider building opportunities for the future, which is a refreshing change. She encouraged the Commission to continue making recommendations for future opportunities.

Commissioner Coe emphasized that food safety needs to be a priority, especially in light of the funding reduction for the Laboratory. Director Creagh advised food safety and laboratory capacity will be a top priority for the department, as well as migrant labor housing, rural development, and MAEAP. He appreciates establishment of the system whereby the Governor, Budget Director, and Department Director together discuss budget decisions.

#### **ADJOURN AND RECONVENE**

Chairperson Coe adjourned the meeting at 10:45 a.m. for a short break. He reconvened the meeting at 10:57 a.m.

#### **THE IMPORTANCE OF MICHIGAN'S RAIL INFRASTRUCTURE TO AGRICULTURE, OUR ECONOMY, AND GROWTH: Jim Byrum, President, Michigan Agri-Business Association**

Mr. Byrum advised that in terms of agriculture, the importance of rail infrastructure is critical. Because of increased yields, the Michigan Agri-Business Association (MABA) has been engaged in the various components of infrastructure critical to the growth of agriculture in Michigan, all which have been struggling – rail, roads, utilities, broadband, and people.

Rail lines in Michigan have gone through a metamorphous over the last 40 years and north of Flint, there are no Class I railroads operating. Only short line railroads service those areas.

He reviewed the results of a case study in Michigan's thumb area of Huron, Tuscola, and Sanilac Counties that demonstrates the importance of railroads to agriculture. In that area, 50 percent of the 40,000,000 bushels of corn produced annually are shipped via rail; and likewise, 80 percent of soybeans (9,000,000 bushels), 40 percent of wheat (4,400,000 bushels), and 50 percent of dry beans (1,500,000 hundred weight).

In comparison, 20,000,000 bushels of corn would require 13,300 double trailer grain trucks and only 5,700 rail hopper cars to transport. 950 railroad box cars could transport 1,500,000 hundredweight of dry beans, which would require 3,750 van semi-trucks. Hauling grain by truck instead of rail would increase the cost of transportation from the Thumb to destination by at least \$.50 per bushel – 33,400,000 bushels at \$.50 equals an additional \$16,700,000. Likewise, the increased cost for transporting dry beans by truck is at least \$10.00 per hundredweight – 1,500,000 hundredweight at \$10 equals an additional \$15,000,000. An annual increase in transportation cost for corn, soybeans, wheat, and dry beans would be \$31,700,000. This \$31.7 million in extra costs will appear as an expense to producers. Similar statistics were reviewed for the east central, southwest, south central, and southeast regions of the state.

As we look at yields expanding, how grain movement will be handled in the next 15 years is a major issue moving forward. It is especially interesting to note that in 1970, the average corn yield in Michigan was 81 bushels an acre, the average corn yield last year was 150 bushels per acre, and the major genetic suppliers advise they will double that yield by 2030.

In summary, the current total impact for shipping grains by truck in Michigan is \$194 million annually, which represents approximately 160,000 trucks versus only 67,000 rail cars that would be required. Many of the state's rail lines are in jeopardy – and there currently are not enough trucks or drivers to handle the demand, let alone the road and infrastructure damage, road congestion, and safety concerns attributable to trucks.

Challenges to losing rail transport capacity include loss of the dry bean industry, loss of farmer income, uncompetitive prices with other production areas for grain, and increased fertilizer costs. Clearly, we need to maintain and increase rail capacity in Michigan. The inability to move commodities by rail does become a detriment to the competitiveness of Michigan agribusiness – rail is an absolute mandatory infrastructure facility. In meeting that challenge, we must make the investments necessary, work through public private partnerships, and recognize the importance of rail for rural development.

Mr. Byrum commended Director Creagh and MDOT for working creatively together on joint state and federal programs to accomplish some non-traditional projects in Michigan and bringing those resources to the table.

Commissioner Coe asked from where funding will come for new rail infrastructure. Mr. Byrum advised three sources of revenue to invest in rail include continued investment from the railroad owner companies, MDOT's Michigan Rail and Assistance Loan Program, and a well-funded federal program (requirements for which are extraordinary). Work continues toward bringing the federal and state programs together to provide investment opportunities for privately owned railroads. Also, passenger rails can be adopted appropriately for freight service. Director Creagh confirmed MDOT is very aware of the intersect between passenger and freight service – one actually helps to support the other. He acknowledged Mr. Byrum's leadership toward railroad efforts. Although a number of issues rail companies face are outside the span of control of state government, the agencies will continue working with federal partners to encourage the timely turnaround of trains, maintenance improvement, and other efficiencies.

**VARNUM LLP FOOD LAW PRACTICE – ADDING VALUE TO MICHIGAN’S FOOD PROCESSING INDUSTRY: Steve Kluting and Matt Eugster, Partners and Co-Chairs, Food Law Group, Varnum LLP**

Mr. Kluting reported Varnum LLP is a full-service law firm with more than 150 attorneys in five locations across Michigan. Recognizing the importance of the food processing industry in the state, the Varnum Food Law Practice was formed and has proactively developed expertise specific to the food processing industry, made connections in the industry, and built a multi-disciplinary team to serve the particular needs of Michigan’s food businesses. Mr. Eugster noted the practice includes more than a dozen attorneys experienced in every aspect of law affecting the food processing industry.

Various activities sponsored by the Food Law Practice include monthly Food Processors Lunch and Learns, which are hosted by Varnum in partnership with The Right Place and draw 30-60 food processors, government representatives, and industry-focused service providers each month. Other activities include the sponsored and hosted post-event happy hour at the Michigan Food Processors Summit, partnership with Michigan Manufacturing Technology Center (MMTC) to provide HACCP food safety training, various speaking engagements to update the food processing industry on current legal issues, and various association involvements, sponsorships, and presentations. Varnum also partners with the MSU Product Center in sponsorship of the Making it in Michigan Conference and Food Show, including hosting two workshops. MSU also is a program partner in Varnum’s MiSpringboard program through which Varnum donates legal services to entrepreneurs who have an opportunity to advance their business and need that extra assistance.

The Food Law Practice produces a newsletter, *Food for Thought*, which is distributed to more than 1,600 processors statewide. They also host a food law blog and post a calendar of events at [www.mifoodlaw.com](http://www.mifoodlaw.com).

Varnum’s Food, Agriculture, and Energy Practice groups are working together to assist food processors and agri-business in developing bio-energy and bio-fuel projects, and to develop and implement equitable energy policy for food processors and agri-businesses.

Looking to the future, Varnum will continue to be a valuable part of the statewide network to retain, attract, and grow Michigan food businesses; promote policies beneficial to the industry; continue to develop a network of industry-focused organizations; provide increased training opportunities; and continue to support the industry statewide through involvement, sponsorships, and events.

Commissioner Coe thanked Varnum for their in work in supporting the agriculture community. He suggested Varnum’s assistance could most likely be valuable in the development of food hubs in Michigan and asked them to keep that in mind as well.

**PLACEMAKING IN THE GLOBAL NEW ECONOMY: Mark A. Wyckoff, Professor and Director, Planning and Zoning Center at Michigan State University and Senior Associate Director, Land Policy Institute**

Mr. Wyckoff noted it is evident that Governor Snyder understands the importance of placemaking in attracting talent and driving economic development. MSHDA, MEDC, MDOT, MDNR, MDEQ, and MDARD are all developing new initiatives to support placemaking, entrepreneurship, and other economic development efforts. In addition, a variety of federal government programs are supportive as well.

Michigan faces various economic development challenges due to being the third highest in unemployment and greatest population loss in the U.S., falling average median income and rising poverty, and high rates of home foreclosure. One of the major causal relationships lies in Michigan not keeping up with other states in educational attainment, in particular, the proportion of the population with a Bachelor's degree or higher. Michigan has continued to disinvest in higher education. In the "new economy" the areas doing well are those having higher proportions of the population with more education.

The "new economy" refers to a global, entrepreneurial, and knowledge-based economy where business success comes increasingly from the ability to incorporate knowledge, technology, creativity, and innovation into products and services. Six of the "new economy" features depend on talent and placemaking. In the past, people followed jobs; now the talented, well educated people choose location first. If we don't have quality places with high quality of life, we are not competitive for that generation which is key to stimulating economic growth.

In addition, key demographic considerations include the global challenge, flat to falling population in the Western world, rising population elsewhere, growing middle class elsewhere, rising gross national product elsewhere, and growing economic competition.

In 2007, the U.S. led the world in terms of gross domestic product. If current trends continue, the U.S. will be dwarfed by China by 2015, whose economy is growing by 6-9 percent a year, when the U.S. is growing barely by 2 percent. We need to draw our talented people through quality urban and rural places to live, work, and play; active/dynamic living environment with recreation, culture, and social interaction; amenities with access to sports and recreation; diverse lifestyle choices in transportation and housing; and creative business and entrepreneurial opportunities.

Placemaking is tied to physical geography and the buildings and structures. However, there are two other important dimensions – functional and emotional. To function well, it must have characteristics that meet the needs it has been designed to serve. There is an emotional feeling that accompanies a quality place that helps foster relationships between people.

Place matters and various efforts can make a place very attractive to knowledgeable workers and other local residents and will help the region be more competitive. It all begins by understanding the assets you have, the role your region is playing in the economy, building on those assets, having a physical and strategic plans, and coordinating and cooperating with many stakeholders and adjacent jurisdictions.

He shared copies of a recent report titled, "Chasing the Past, Investing in our Future" where they examined 3,000 counties across the country and 300 variables to help determine common factors present in growing communities. He also shared a report compiled in 2010 looking at 14 different arenas in which Michigan must be successful in the new economy, including strategies for moving forward in each of those areas.

Commissioner Coe recognized the efforts of the MSU Planning and Zoning Center and the Land Policy Institute and advised the Commission will support their future efforts.

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

**Laura Buhl, Ron Markoe, and Rory Bolger, Detroit City Planning Commission (DCPC).** Mr. Bolger extended DCPC's thanks and appreciation for the efforts of MDARD to craft language allowing the City of Detroit, and other large municipalities, to facilitate and regulate agriculture as deemed appropriate by the City and citizens of each large municipality.

DCPC supports the proposed amendment to the Generally Accepted Agriculture and Management Practices (GAAMPs) Preface. However, there is concern with one aspect of the wording. That language specifies in part that "...existing agricultural operations present prior to the ordinance's adoption..." be designated as "legal non-conforming uses for purpose of scale and type of agriculture use..." Because commercial agricultural production is currently not permissible in Detroit, this wording poses a series of problems: 1) it would make what was an illegal use a non-conforming, legal use; 2) if a use is presently illegal, there are no permits to prove that it exists and operates as a commercial operation; 3) if current illegal commercial agricultural uses are operating in a manner that the City and/or the surrounding community finds objectionable, standards that will be developed in the Zoning Ordinance will not apply; and 4) Right to Farm legislation works from the premise of "first in time, first in right" and in Detroit's case, "first in time" uses are residential, commercial, and industrial. Therefore, DCPC requests that the proposed language be amended to "grandfather-in" only legal, existing agricultural operations.

Ms. Buhl expressed concern over administrative versus statutory exemption to the Right to Farm Act. The Right to Farm Act was passed in order to protect existing farms in rural areas from suburban sprawl. The Act also prevents cities like Detroit from creating zoning regulations that allow commercial agriculture while protecting existing non-agricultural uses. Therefore, we agree with MDARD's objective of exempting large cities from the Act.

However, DCPC has concerns about the method being pursued, which appears to be an administrative exemption. It is not clear that the Act gives the Michigan Commission of Agriculture and Rural Development the authority to essentially "anoint" zoning ordinances from certain cities into the GAAMPs without following the requirements for review and recommendation as set out in the Act's definition of GAAMPs. The possible lack of authority to exempt some zoning ordinances through GAAMPs would leave Detroit open to legal challenge. We believe the best way to be allowed to develop regulations in a manner that preserves the public health, safety, and general welfare,

while protecting the City from litigation, is to seek a legislative fix by changing the text of the Right to Farm Act in order to exempt large cities.

DCPC recommended the proposed GAAMPs Preface amendment be modified to specify that legal, non-conforming status be accorded only to legal, existing agricultural operations; and that MDARD and its Commission support legislation to statutorily exempt large urban areas from the Right to Farm Act. However, they do agree with the proposed GAAMP Preface language as an initial, intermediate step.

Mr. Markoe reported more than 60,000 parcels of land currently exist in Detroit's land inventory that need to be put to a productive use and they are looking to agriculture as a new land use option. Two large commercial agricultural applications are currently being reviewed, the Hantz Farms and Shared Recovery projects, which maintain various benefits to the City of Detroit. Detroit is unable to move forward with the projects, in part, because of concerns with the Right to Farm Act.

Commissioner Coe confirmed the department and Commission support the use of agriculture within the City of Detroit, while maintaining Right to Farm in statute. Director Creagh noted the proposed GAAMP Preface language represents considerable progress and we should not obstruct that progress achieved. The department would like to continue working collaboratively and collegially with the City of Detroit to reach DCPC's goals.

Danielle Allison-Yokum, from the Attorney General's Office, advised she has been working with the department on this issue to meet the policy goals while staying within the confines of the Right to Farm Act. The language proposed would exempt the City of Detroit and other municipalities of 100,000 or more in population from the GAAMPs. It does not, nor does the Commission have the authority, to exempt them from the Right to Farm Act which applies more broadly as a statute. The Attorney General's Office believes what has been proposed is within the confines of the Right to Farm Act and does accomplish the goals being sought.

**Tonia Ritter, Michigan Farm Bureau (MFB)**, expressed appreciation to MDARD for working with Detroit to address their concerns. MFB supports all agriculture, regardless of size or location and recognizes there have been some conflicts within the City of Detroit as it pertains to some of the entrepreneurial efforts trying to expand urban agriculture. MFB supports the Commission's approval of the proposed language being incorporated into the GAAMPs Preface. MFB also urges the Commission to call upon the respective GAAMP Task Force Committees to review this change at their earliest convenience. They also encourage cities to adopt ordinances that will help those wanting to grow food in urban centers in creating fresh food resources. Also, MFB stands available to provide support, opportunity, and input into any of those ordinances.

**GENERALLY ACCEPTED AGRICULTURE AND MANAGEMENT PRACTICES –  
RECOMMENDATION: Janet Kauffman, Vice President, Environmentally Concerned  
Citizens of South Central Michigan**

Ms. Kauffman thanked the Commission for the opportunity to present a letter from 17 different farm groups, food system groups, and watershed and environmental groups,

regarding the GAAMPs. On this 30<sup>th</sup> anniversary of the GAAMPs, they request the Director to authorize a reassessment of certain practices related to livestock production that are currently not addressed in the Site Selection and Manure Management GAAMPs, with a focus on the cumulative impact of wide-spread use of liquid manure systems and concentration of operations using liquid systems in small areas and small watersheds.

While the GAAMPs are thoughtfully revised each year, the attention is on individual farm practices and not to the cumulative impact of those practices. This issue has arisen numerous times within various groups. While the attention to the cumulative impact is not yet in the GAAMPs, it could be and this is what has been the point of discussion.

The signatories request this reassessment give the “due consideration” that is required by the Right to Farm Act to current agricultural research and information on the outcomes and effectiveness of practices, not just for particular farm operations, but also for agricultural communities and for the environment. Increasingly, agriculture is receiving attention as the major source of nutrient loading and it makes good sense at this time to complete a reassessment to consider the cumulative effects of practices and to the systemic risks to agricultural communities and resources. This could be accomplished through a comprehensive review of both the Site Selection and the Manure Management GAAMPs to the specific points outlined in the letter.

This (30 years) is an appropriate time to re-think what practices are effective and sustainable in agricultural communities, and look ahead to agricultural practices that have a serious and real impact on improving lives.

Director Creagh expressed appreciation for Ms. Kauffman’s efforts with the various workgroups. Under the MAEAP effort, water quality monitoring will be conducted to provide scientific information related to agricultural practices. He acknowledged Michigan has played a small part in the problem that exists in Lake Erie, and the state is addressing those issues.

Commissioner Coe thanked Ms. Kauffman for her testimony and requested the information she presented be referred to the Site Selection and Manure Management GAAMPs Committees asking them to take the comments under advisement during their next year’s annual review of the GAAMPs.

**COMMISSION POLICY MANUAL – RIGHT TO FARM POLICY APPENDIX: Jim Johnson, Director, and Wayne Whitman, Right to Farm Program Manager, Environmental Stewardship Division**

Mr. Johnson reported the Right to Farm (RTF) Appendix is a revision of what used to be two appendices within the Commission Policy Manual. They delineate the process for the establishment of new GAAMPs, as well as the annual review of existing GAAMPs. The procedures have been combined and expanded to clearly identify those processes.

**MOTION: COMMISSIONER FIKE MOVED THE APPENDIX TO THE RIGHT TO FARM COMMISSION POLICY BE APPROVED AND INCORPORATED INTO THE MICHIGAN COMMISSION OF AGRICULTURE AND RURAL**

**DEVELOPMENT POLICY MANUAL. COMMISSIONER KENNEDY  
SECONDED. MOTION CARRIED.**

**GENERALLY ACCEPTED AGRICULTURE AND MANAGEMENT PRACTICES PREFACE  
LANGUAGE – URBAN AGRICULTURE: Jim Johnson, Director, Environmental  
Stewardship Division**

Mr. Johnson advised what has been heard today provides a summary of where the department has been over the last two years regarding the RTF Act and its application in an urban setting. Clearly, we need to provide an opportunity for urban areas to move forward with governing agricultural development within their boundaries. The Governor and the department are very interested in determining how we can be part of moving that opportunity forward. It follows the general trend across the country where people are very interested in growing their own food, or sourcing their food locally. Questions posed here are no different than what is going on in large cities in other states.

The difficulty of the issue, in terms of legal versus non-legal uses, is that the RTF Act itself does not place a restriction in any way on land use or land zoning. It has been very clear from the beginning the RTF Act applies across the entire state. When the City of Detroit refers to illegal and non-conforming uses, the issue for MDARD is to determine if those actually are illegal uses for that piece of property – this has been the center of the ongoing discussions. What we have accomplished in this particular case is to determine how the department can still play a significant role in the movement of agriculture within an urban setting, but not have the RTF Act be integrally involved in how that actually moves forward. After working through several different approaches, the proposed GAAMPs Preface language was determined to be the best option.

It is the Commission's responsibility to approve the GAAMPs and policies regarding the operation of those GAAMPs. That language allows the Commission to state that in certain situations, the GAAMPs do not apply and that is being used as the basis for the GAAMPs Preface. This allows the municipality to create an ordinance which covers agriculture within that jurisdiction. The 100,000 population level identifies seven cities that are strong urban centers and in which the department could continue to provide resources to assist those communities move forward in creating ordinances that allow for the expansion of agriculture within their boundaries in a way that actually makes sense for agriculture itself. He reviewed the proposed Preface with the following language added:

*This GAAMP does not apply in municipalities with a population of 100,000 or more in which a zoning ordinance has been enacted to allow for agriculture provided that the ordinance designates existing agricultural operations present prior to the ordinance's adoption as legal non-conforming uses as identified by the Right to Farm Act for purposes of scale and type of agricultural use.*

Commissioner Fike expressed her appreciation for the department collaborating with the City of Detroit to work through these difficult issues, because urban agriculture actually constitutes economic development for these urban areas.



Based on advice from the Attorney General's Office and the department, Commissioner Coe recommended moving forward with adoption of this proposed language to provide a mechanism for progressing toward developing policies for urban agriculture without inhibiting the RTF Act.

**MOTION: COMMISSIONER GREEN MOVED THE AMENDMENT TO THE GENERALLY ACCEPTED AGRICULTURE AND MANAGEMENT PRACTICES (GAAMPs) PREFACE LANGUAGE BE APPROVED AND INCORPORATED INTO THE EACH OF THE 2012 GAAMPs. COMMISSIONER FIKE SECONDED. MOTION CARRIED.**

Director Creagh advised the revised GAAMPs Preface will be forwarded to each respective GAAMP Committee Chair for consideration to ensure there are no unintended consequences.

**FINAL DRAFT OF THE GENERALLY ACCEPTED AGRICULTURE AND MANAGEMENT PRACTICES (GAAMPs): Jim Johnson, Director, and Wayne Whitman, Right to Farm Program Manager, Environmental Stewardship Division; Manure Management and Utilization GAAMPs Chair, Dr. Dale Rozeboom, Professor and Extension Specialist, Department of Animal Science, MSU; Care of Farm Animals GAAMPs Chair, Dr. Janice Swanson, Director of Animal Welfare, Department of Animal Science, MSU; Site Selection and Odor Control for New and Expanding Livestock Production Facilities GAAMPs Review Committee Member, Gerald May, MSU Extension Educator; Irrigation GAAMPs Chair, Dr. Steve Miller, Professor, Department of Biosystems and Agriculture Engineering, MSU**

Mr. Whitman noted that following the annual review process by each GAAMP Committee, no changes were recommended for four of the GAAMPs and revisions were recommended for the other four.

**MOTION: COMMISSIONER KENNEDY MOVED TO APPROVE THE 2012 CRANBERRY PRODUCTION, FARM MARKETS, NUTRIENT UTILIZATION, AND PESTICIDE UTILIZATION AND PEST CONTROL GENERALLY ACCEPTED AGRICULTURE MANAGEMENT PRACTICES AS PRESENTED WITH THE AMENDED PREFACE LANGUAGE BEING THE ONLY CHANGE. COMMISSIONER HANSON SECONDED. MOTION CARRIED.**

Relative to the Care of Farm Animals GAAMP, Dr. Janice Swanson advised their review process begins shortly after the first of the year, with a species expert assigned to each particular section of the GAAMP. The recommend proposed changes are then subject to public comment, final revisions are made, and the proposed changes are presented to the Commission.

The various recommended changes were discussed, noting that to be helpful, cross-references to other GAAMPs are included as applicable. The mink and fox section was updated and new guidelines added. Revisions to other sections were primarily to provide clarity of language and update references.

In response to inquiry from Commissioner Coe relative to changing the swine section to reference only “domestic” pigs, Dr. Swanson advised most of the guidelines written for pigs are written specifically for domestic pigs, although keeping pigs in general will fall under these guidelines.

**MOTION: COMMISSIONER KENNEDY MOVED TO APPROVE THE 2012 CARE OF FARM ANIMALS GENERALLY ACCEPTED AGRICULTURE MANAGEMENT PRACTICES WITH CHANGES AS PRESENTED. COMMISSIONER FIKE SECONDED. MOTION CARRIED.**

Dr. Steve Miller advised the majority of changes being recommended for the Irrigation Water Use GAAMP are minor revisions for the department name change. The more significant revisions were discussed, including encouraging automatic shut-off when an irrigation rig stops, avoidance of excess water application, information regarding the new Water Use Reporting and Registration Act, and removal of some background information that is now readily available on websites.

**MOTION: COMMISSIONER GREEN MOVED TO APPROVE THE 2012 IRRIGATION WATER USE GENERALLY ACCEPTED AGRICULTURE MANAGEMENT PRACTICES WITH CHANGES AS PRESENTED. COMMISSIONER FIKE SECONDED. MOTION CARRIED.**

Relative to the Manure Management and Utilization GAAMP, Dr. Dale Rozeboom advised his committee reviewed various issues submitted for consideration and made two proposed changes. Revision in supplemental language is recommended for the timing of manure application to frozen or snow-covered ground for non-permitted farms. The second proposed change is to the appendices and involves community relations and the timing of manure applications with respect to neighbors, which supports language as stated earlier in the GAAMP.

In response to questions from Commissioner Fike, Dr. Rozeboom and Mr. Whitman advised the GAAMP explains recognition of soil saturation points and other practices are referenced which control application rates; the riparian doctrine provides that people have the legal right to the use of water that traverses their property, provided they do not impair use for anyone downstream and clarification of this will be added to the GAAMP in the future; in response to individual complaints, if integrity of the stream bank is compromised, conservation tools such as buffers to protect that corridor are recommended; although no quantity is suggested for manure stockpiling at the farmstead, guidance is provided for odor control and nutrient utilization; and there currently are six anaerobic digesters in operation in the state, with current focus on community digesters having multiple inputs.

**MOTION: COMMISSIONER KENNEDY MOVED TO APPROVE THE 2012 MANURE MANAGEMENT AND UTILIZATION GENERALLY ACCEPTED AGRICULTURE MANAGEMENT PRACTICES WITH CHANGES AS PRESENTED. COMMISSIONER FIKE SECONDED. MOTION CARRIED.**

Gerald May advised other than minor wording changes, the review committee recommended two changes to the Site Selection and Odor Control for New and Expanding Livestock Facilities GAAMP. The phrase "within the original setback distance" is suggested to clarify changes made to the 2011 GAAMP. In addition, it is recommended the additional language "that are" should precede the phrase "within the original setback distance" to add greater clarity. The other change is additional language addressing odor mitigation factors included in the odor management plan when not under the direct control of the livestock farm owner.

**MOTION: COMMISSIONER HANSON MOVED TO APPROVE THE 2012 SITE SELECTION AND ODOR CONTROL FOR NEW AND EXPANDING LIVESTOCK FACILITIES GENERALLY ACCEPTED AGRICULTURE MANAGEMENT PRACTICES WITH CHANGES AS PRESENTED. COMMISSIONER GREEN SECONDED. MOTION CARRIED.**

The Commission extended its appreciation to each of the GAAMP committees for all of their efforts during the past year.

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

Mr. Bajema advised there has not been much activity pertaining to agriculture since the last meeting. Senate Bill 725, dealing with wildlife risk mitigation, would provide certainty to assessors in those areas employing these tactics that simply because you are fencing off part of your property, does not mean that portion of your property is no longer agricultural.

The department has been focusing on the Food Law, which is one of the Governor's priorities, and is addressing concerns of House members. The bill is anticipated to move forward in January.

MDARD met with the House Agriculture Appropriations Subcommittee to review several key areas, including the Dairy and Weights and Measures Programs. That committee is comprised of freshmen legislators and Chairman Potvin's leadership in ensuring they are educated in MDARD's various programs is appreciated.

Commissioner Coe mentioned that work of the Office of Regulatory Reform (ORR) for the Michigan Liquor Commission has been completed and 115 recommendations will now move into the arena of regulatory reform. Because it affects those agriculture based businesses in the state, he requested Mr. Bajema monitor the process as it moves forward. Mr. Bajema advised MDARD also has a group of regulations and rule repeal recommendations that will be addressed legislatively in the first quarter of next year, potentially eliminating approximately 28 percent of the department's rules. Commissioner Coe requested that, when the information is ready for release, a report to the Commission on MDARD's regulatory reform recommendations be presented to the Commission.

#### **COMMISSIONER ISSUES**

Commissioner Coe reviewed a retirement resolution before the Commission recognizing Lew Coulter.

**MOTION: COMMISSIONER FIKE MOVED THE RESOLUTION FOR LEW COULTER BE ADOPTED WITH BEST WISHES FOR HIS LONG AND HEALTHY RETIREMENT. COMMISSIONER KENNEDY SECONDED. MOTION CARRIED.**

**PUBLIC COMMENT**

No further public comment was requested.

**ADJOURN**

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

The meeting was adjourned at 1:21 p.m.

Attachments:

- A) *Agenda*
- B) *Agriculture and Rural Development Commission Meeting Minutes November 9, 2011*
- C) *Director Keith Creagh – Issues of Interest Report*
- D) *MDNR Invasive Species Order Declaratory Ruling*
- E) *MEDC Rural and Economic Development Activities-MEDC*
- F) *Michigan’s Forest Industry Whitepaper*
- G) *A Year in Review – MDARD 2011 Accomplishments (PPT)*
- H) *MDARD 2011 Accomplishments (document list)*
- I) *MDARD MiScorecard Performance Summary*
- J) *Importance of Michigan’s Rail Infrastructure to Agriculture, Our Economy, and Growth*
- K) *Varnum LLP Food Law Practice – Adding Value to Michigan’s Food Processing Industry*
- L) *Placemaking in the Global New Economy*
- M) *“Chasing the Past or Investing in Our Future” – Land Policy Institute Brochure*
- N) *Planning and Zoning News, December 2010*
- O) *City of Detroit Letter to Commission Re: Proposed RTF Exemption for large Urban Areas*
- P) *Michigan Farm Bureau Letter to Commission Re: Proposed GAAMP Language*
- Q) *Janet Kauffman Letter to Commission Re: GAAMPs*
- R) *Right to Farm Policy Appendix – Commission Policy Manual*
- S) *Proposed Amendment to the GAAMP Preface*
- T) *Revised GAAMP Preface*
- U) *Final Draft of the Generally Accepted Agriculture and Management Practices*
- V) *Legislative Status – December 2011*
- W) *Resolution for Lew Coulter*