

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

MEETING MINUTES
MARCH 19, 2008

PRESENT:

James Byrum, Chairperson
Ann Jousma-Miller, Vice Chairperson (via teleconference)
Dale Norton, Secretary
Don Coe, Commission of Agriculture
Todd Regis, Commission of Agriculture
Don Koivisto, Director, Michigan Department of Agriculture

CALL TO ORDER AND ROLL CALL

Chairperson Byrum called the meeting of the Commission of Agriculture to order at 9:04 a.m. on Wednesday, March 19, 2008. Commissioner Dale Norton called the roll with Commissioners Byrum, Coe, Jousma-Miller, Norton, Regis, and Director Koivisto present.

APPROVAL OF AGENDA

**MOTION: COMMISSIONER REGIS MOVED APPROVAL OF THE
MARCH 19, 2008, AGENDA. SECONDED BY COMMISSIONER COE.
MOTION CARRIED.**

APPROVAL OF FEBRUARY 13, 2008, AND MARCH 6, 2008, MEETING MINUTES

**MOTION: COMMISSIONER COE MOVED TO APPROVE THE
FEBRUARY 13, 2008, AND MARCH 6, 2008, MEETING MINUTES.
SECONDED BY COMMISSIONER REGIS. MOTION CARRIED.**

NEXT SCHEDULED MEETING

The next scheduled meeting will be held on April 16, 2008, at Constitution Hall.

COMMISSIONERS' TRAVEL

Commissioner Norton attended the Bovine TB Advisory meeting on February 20; the Bovine TB Update meeting at the Farm Bureau on February 25; the Interface of Agriculture and Community meeting at the Kellogg Center on February 29; and a dinner meeting with the Natural Resources Commission and the Department of Natural Resources (DNR) Director on March 5.

There was no other travel submitted for approval.

MOTION: COMMISSIONER COE MOVED TO APPROVE THE COMMISSIONERS' TRAVEL. SECONDED BY COMMISSIONER REGIS. MOTION CARRIED.

COMMISSION COMMENTS:

Commissioner Jousma-Miller reported she attended her first Task Force meeting with the Michigan Department of Transportation on March 7, 2008, which is an effort initiated by the Governor. She also interviewed with Michigan Farm Radio Network this past week for a segment entitled, "Working Relationship with the Department of Natural Resources on Agriculture Tourism."

She attended the U.P. Potato Growers Winter Meeting, at which Ben Kudwa gave an industry update and several MSU people attended training sessions. She also has been participating in the Soil Conservation District's Annual meeting.

Additionally, she held a meeting with Cleveland-Cliffs, Inc., to explore the establishment of a Renewafuel plant in the U.P.; they are looking to expand not only in Battle Creek, but in the U.P. as well.

Michigan Economic Development Corporation (MEDC) President, James Epolito, was in the U.P. for a meeting with Commissioner Jousma-Miller and MEDC partners. She also mentioned the U.P. State Fair announcement of grandstands this year and the changes that are planned for the U.P. Fair Grounds.

Commissioner Coe reported he attended two energy task force meetings sponsored by the Traverse Bay Economic Development Corporation and the Chamber of Commerce. The area is attempting to establish policy for the region relative to energy issues, in which agriculture will play an important role; this is an on-going task force charged with having their report completed by June 2008.

He attended the Agriculture Extension and Experiment Station State Council meeting in Lansing last week, was updated on council and extension issues, and participated in work with MSU dealing with the higher education budget. He also attended hearings for the House relative to the budget for tourism and had the opportunity to speak with various members of the House and Senate concerning agricultural tourism.

Next week, he will be in Lansing to attend an Agriculture Labor Task Force of the Michigan Farm Bureau.

Commissioner Regis recognized and welcomed the Acting Deputy Director for the Michigan Department of Agriculture (MDA), Gordon Wenk, and congratulated him on his new position. He also officially expressed appreciation to MDA's previous Deputy Director, Phyllis Mellon, wishing her best in her new position.

He had the opportunity to join the Horse Expo at MSU and was very impressed with the event.

In addition, he noted the recent legislative successes relative to the Food Policy Council recommendations that had been supported by the Commissioners; one of those being the Food Stamp Distribution Bill. He thanked his fellow Commissioners for their assistance in making sure that they, as Commissioners, emphasize to the House and the Senate members the importance of Agriculture and stress the need for additional funding for this department.

Commissioner Norton reported he attended a meeting on February 27 in Chicago with the pork industry that focused on the issue of the trust in management image that has been driven by a heightened bio-security consciousness. The marketing experts who developed "pork as the other white meat" will be initiating a long-term image campaign to promote the producer more than the product.

He also attended the Pork Industry Forum in St. Louis on February 6-8, which was the annual meeting of the pork industry from a national standpoint. A number of resolutions were approved relative to the ethanol tariff, in particular, as related to importation from Brazil. The CEO of Smithfield emphasized concerns relative to foreign animal disease and affects on the pork industry if foot and mouth disease were to enter this country. The industry needs to take whatever protective measures possible; and in that effort, the importance of animal identification becomes very evident – if and when a foreign animal disease is introduced, being able to track back with 48 hours is imperative.

Profitability in the pork industry is becoming an apparent issue. The largest producer in the country, Smithfield, plans to reduce their sows by 15%, or 50,000 sows. Pilgrim's Pride, the largest producer and processor of chickens in the U.S., is closing one of its processing plants and laying off a number of employees. With high feed costs, producers are losing a considerable amount of money on any pigs produced, with no real prospects for a price increase because an ample amount of production currently exists. The pork industry will participate in an op-ed with the Soy Bean Association, producing an advertisement relative to the role of the livestock industry in relationship to the cropping industry.

This weekend, he participated in the Michigan Agricultural Leadership Program (MALP) reunion in Huron County. The group met at Dale Oeschger's and participated in a very interesting tour of two large dairies in that area, which included viewing of a carousel milking system. They also toured the very impressive 32 windmills operating in that area.

He also attended the reception for Phyllis Mellon and appreciates the efforts and contributions Phyllis made to MDA while she was a part of the department.

Additionally, he continues to devote considerable time being involved with the Bovine TB eradication issues.

Commissioner Byrum reported he has been traveling a great deal the last 30 days, primarily speaking about a document titled, "The Perfect Storm" which recognizes agriculture's numerous issues – renewable fuels, global demand, changing diets, 75 million more people on earth every year, and devaluation of the dollar, which is increasing world demand for U.S. agriculture commodities.

He spent considerable time reviewing unintended consequences of the stock market stagnation. About 93% of the cash in the Chicago Board of Trade today is actually non-agriculture cash, coming from the stock market (the Dow and the NASDAQ). Investors are being advised to buy corn, soy beans, and wheat futures, which is a great idea, except it is creating an artificial commodity price. The price an elevator will pay reflects what their end users will pay and is substantially less than the Chicago Board of Trade price; and this situation is creating some consternation across the countryside. Risk management opportunities are being eroded because of the Chicago Board of Trade artificial pricing. We are seeing remarkable changes in demand; for example, in the last seven years, fertilizer demand world-wide has increased equal to U.S. demand.

DIRECTOR'S REPORT

Director Koivisto reported the Agriculture Processing Renaissance Zone (APRZ) approved during the March 6, 2008, meeting is currently being considered by the Michigan Economic Development Corporation Board and the Michigan Strategic Fund Board; we anticipate completion of the approval process within in the next two months. During the Governor's announcement of the APRZ at the Michigan Milk Producers Association (MMPA) annual meeting, her positive comments relative to agriculture were very well received.

The Michigan Climate Action Council is well represented by agriculture; Commissioner Byrum, Gordon Wenk, Michelle Crook, Steve Shine, Liesl Clark, and myself have all been focusing on that initiative and interacting through this council to promote agriculture's interests. Work on this initiative will continue for another six to eight months.

The department is transitioning relatively smoothly from Phyllis Mellon to Gordon Wenk as MDA's Acting Chief Deputy Director. He suggested the Commission send a letter of appreciation to Phyllis Mellon in commendation of her service to the department.

During the Ag Breakfast today, Speaker Dillon announced the potential of a \$2M promotion for Michigan Agriculture. The Commissioners interaction with the Legislature clearly assisted in the movement of this effort. If the funding is authorized through the budget process, it is anticipated MDA will have discretionary spending authority. Commissioner Coe strongly recommended some part of that fund be allocated to continue work begun by the Agriculture Tourism Commission.

Recent water damage to the offices at the U.P. State Fair Grounds is being investigated. Staff has been in communication with Commissioner Jousma-Miller and the U.P. office to explore that entire issue.

The Governor is hosting a town hall meeting tonight, during which there may be questions relative to gas pricing. MDA is working in concert with the Governor's Office to clarify specifically what the department can do relative to gas prices – we can not control pricing, but we are increasing gas inspections for product quality to ensure consumers are receiving fair return for their dollar.

The House Appropriations Subcommittee passed their proposed budget bill; and Senate action on the budget is anticipated to begin the week of April 14.

A series of meetings have been held relative to Urban Agriculture to ensure our interest is demonstrated to the principals attempting to facilitate an increase in urban agriculture.

The Director asked Liesl Clark to report on activities of the Renewable Fuels Commission (RFC). She noted the next meeting is being planned to ensure an action-oriented meeting. The RFC presented to the Senate Agriculture Committee on March 6; Steve Pueppke and Jim Byrum spoke about the industry in Michigan and Bruce Noel was on hand to answer questions. The entire legislative package has been introduced; five of the bills are expected to move out of the Senate Agriculture Committee this week. These are merely a piece of the legislative work that needs to be completed around public policy for RFC. We need to ensure continuance of follow-up work on public policy to support the industry. A new format is being developed for the RFC website. She continues to talk with Commissioners to gather information and seek policy input.

Ms. Clark is also working with the Governor's Office on the Alternative Energy Roadmap Project, representing MDA and ensuring the department's views are voiced relative to the biofuels section, as well as ensuring they understand the needs of the agriculture industry. The Governor's Office is also developing a white paper on alternative energy to be released to the media; Liesl Clark and Bob Craig are assisting with its biofuels portion.

Commissioner Norton reported a business group, promoting a methane digester to be more expansive than manure, has been in contact with MEDC for the potential of an APRZ. Ms. Clark reported MDA is working with the Department of Environmental Quality (DEQ) on various issues related to methane digesters.

In response to inquiry by Commissioner Coe, Ms. Clark noted MDA has no position on renewable fuels or low carbon fuel standards; however, a low carbon fuels standard was recommended by the RFC. The renewable portfolio standard is currently progressing through the Legislature; although not directed specifically at fuels. If approved, it could have a large impact on the alternative energy industry in Michigan.

Director Koivisto reported the fertilizer controls and pesticide licensing bills have been signed by the Governor; and the Senate recently held two hearings on the Drain Code bills.

He continues to promote agriculture during meetings he attends, as well as through numerous media opportunities.

DIRECTOR'S TRAVEL

Director Koivisto has no upcoming out-of-state travel planned.

PUBLIC COMMENT (AGENDA ITEMS ONLY)

There was no public comment relative to agenda items.

ENFORCEMENT STANDARDIZATION PROJECT: James Bowes, Enforcement/Emergency Management Preparedness Officer, Pesticide and Plant Pest Management Division

Mr. Bowes reported that, through the Continuous Quality Improvement process, the department identified opportunities for enforcement and developed an enforcement partnership document. This document identified the need to explore uniformity of enforcement, reporting structure, effectiveness, and communication to stakeholders. A special task force established goals for this year: increase knowledge of enforcement; create a consistent level of training for regulatory and enforcement staff; standardize penalty language; develop a legislative template; ensure compliance with any audit findings; and develop a replacement for the Michigan Commission Policy 11, "Unintentional Violations,"

for progressive enforcement throughout the department, thereby creating a department-wide effort to establish progressive enforcement throughout the various MDA divisions. The task force will present a proposed new policy to the Commissioners at a meeting later this year.

Commissioners encouraged the task force to invite DEQ and DNR to participate, at least as observers during this process, and they acknowledged the need for the project. Mr. Rowe advised the task force plans to create a fair, unbiased, consistent policy for the department, utilizing various divisions' best practices. While centralized enforcement is not supported at this time, various levels of enforcement (civil or criminal) may come into play. The attempt is to develop a proper progressive enforcement structure for civil enforcement department-wide.

In response to questions from Commissioners Norton and Coe, Mr. Rowe noted that the department's incentive-based programs, such as the Michigan Agriculture Environmental Assurance Program, will tie into the progressive enforcement process; if an entity has best practices in place at their facility, it would be a mitigating factor in determining rather to proceed with enforcement.

BOVINE TUBERCULOSIS (TB) PROGRAM UPDATE: Dr. Steven Halstead, State Veterinarian, and Dr. John Tilden, Bovine TB Program Director

Dr. Tilden reported on progress of the current circle testing, noting the north area is over two-thirds complete. Shiawassee County, being a new area for testing, is progressing through the initial stages of the testing process, with target completion by the end of June. MDA and the U.S. Department of Agriculture (USDA) are utilizing emergency management principles from the Incident Command System to maximize efficient use of resources in the Shiawassee County circle testing effort. This real-world situation is being used as a training opportunity to prepare for a future large livestock disease outbreak that might occur in Michigan.

Dr. Halstead reported the laboratory completed strain testing on the Shiawassee County positive deer; they confirmed it is the Michigan strain, which is the same as other deer and cattle in Michigan. DNR remains consistent in believing a low level of Bovine TB exists in other areas of the state and that deer surveillance is not deep enough at that level for discovery. MDA will be working with DNR to determine how to proceed with the test information.

In response to a question from Commissioner Norton, Dr. Halstead reported testing of the DNA of the Shiawassee County positive deer is inconclusive as related to its area of origin. With technology evolving, DNR may continue to test and could have a more definitive sample in the future. DNR also announced to their Commission that the apparent prevalence of Bovine TB in the core area has decreased, returning to what it was two years ago.

The five priorities being focused upon for 2008: 1) moving toward targeted surveillance; 2) implementing greater preventive measures in the TB infected zone; 3) partnerships with DNR to reach the hearts and minds of the hunters to obtain better management of the deer herd; 4) industry driven programs; and 5) developing an action plan to communicate priorities.

In response to a question from Commissioner Jousma-Miller, Dr. Halstead will ask Dr. Steve Schmidt to contact her relative to crop damage permits.

Dr. Halstead, in response to question from Commissioner Norton, reported the department continues to investigate the deer feeding issue and will report back relative to Commissioner Norton's suggestion on the potential for making an impact by stating we are going to eliminate the sale of deer feed in the TB Zone.

Director Koivisto encouraged staff to continue working with DNR to maintain a focused, sustained intervention presence in Shiawassee County.

COMMISSIONER ISSUES

Chairperson Byrum reviewed a retirement resolution before the Commission. The Commission recognized Don Lawrence upon his retirement from the Pesticide and Plant Pest Management Division after more than 24 dedicated years with the State of Michigan and the Department of Agriculture.

MOTION: COMMISSIONER COE MOVED THE RESOLUTION RECOGNIZING DON LAWRENCE BE ADOPTED WITH BEST WISHES FOR HIS LONG AND HEALTHY RETIREMENT. COMMISSIONER NORTON SECONDED. MOTION CARRIED.

Commissioner Coe mentioned a significant conference held in the Traverse City area last week that was sponsored by the Michigan Land Use Institute. It was a "Farm to School" conference that drew over 300 school administrators, food service, and farm community individuals. Reports were presented on the progress made to encourage schools to buy more food locally. One significant barrier was identified that he would like the Department of Agriculture to investigate and report on during the next meeting; and that barrier exists under State contracting rules for the Department of Education. State and local school systems must keep their farm purchases under \$20,000 to avoid having to go through the very difficult Federal bidding procedure. That level has been raised to \$100,000 in three other states. We have good practice to follow and it would be a huge boon to the local agriculture community if Michigan could follow suit; and it would be welcomed by many of the school districts as well.

In response to question by Commissioner Byrum, Kathy Fedder reported this issue was discussed in a recent Food Policy Council meeting. The Department of Education (DOE) was very clear about that limitation; however, now that three states have found a way around that rule, MDA will again approach DOE to investigate what can be done in Michigan.

PUBLIC COMMENT

No public comment was requested.

ADJOURN

MOTION: COMMISSIONER COE MOVED TO ADJOURN THE MEETING. COMMISSIONER NORTON SECONDED. MOTION CARRIED.

The meeting was adjourned at 10:07 a.m.

Attachments:

- A) *Agenda*
- B) *Agriculture Commission Meeting Minutes February 13, 2008*
- C) *Agriculture Commission Meeting Minutes March 6, 2008*
- D) *Legislative Status – March 2008*
- E) *Retirement Resolution for Don Lawrence*