

**MICHIGAN COMMISSION OF AGRICULTURE
Geagley Laboratory
Gordon Guyer Room
1615 S. Harrison Road
East Lansing, MI 48823**

**MEETING MINUTES
February 18, 2009**

PRESENT:

James Byrum, Chairperson
Ann Jousma-Miller, Vice Chairperson
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 9:01 a.m. on February 18, 2009. Commissioner Norton called the roll with Commissioners Byrum, Coe, Jousma-Miller, Norton, Regis, and Director Koivisto present.

APPROVAL OF AGENDA

MOTION: COMMISSIONER NORTON MOVED TO APPROVE THE MEETING AGENDA FOR FEBRUARY 18, 2009. SECONDED BY COMMISSIONER REGIS. MOTION CARRIED.

APPROVAL OF JANUARY 8, 2009, MEETING MINUTES

Commissioner Norton noted a minor change in the minutes relative to his comments on the Farm Bill provisions: the U.S. Department of Agriculture (USDA) began enrollment in the Direct and Counter-cyclical Payment Program (DCP) on December 22, 2009, and enrollment in the Average Crop Revenue Election (ACRE) program will begin in April.

MOTION: COMMISSIONER COE MOVED TO APPROVE THE JANUARY 8, 2009, MEETING MINUTES AS CORRECTED. SECONDED BY COMMISSIONER REGIS. MOTION CARRIED.

In response to inquiry from Commissioner Jousma-Miller, Ms. Ayers advised the notification to the Private Cervid Operation (POC) owners relative to facility compliance with P.A. 190 and P.A. 466 was incorporated into the "January 2009

Michigan Cervid Industry Newsletter,” which was forwarded to the Commission via email on January 12. To ensure all Commissioners have a copy of the notice, Ms. Ayers will again forward the newsletter.

NEXT SCHEDULED MEETING

The next scheduled meeting will be held on March 18, 2009, at the Michigan Municipal League Capitol Office Conference Room, 208 N. Capitol Avenue, 1st Floor, Lansing, MI 48933. This location will facilitate participation in the Agriculture Day activities being held at the Capitol that day.

COMMISSIONER TRAVEL

Commissioner Jousma-Miller traveled to attend today’s meeting. On January 31, Commissioner Coe gave a presentation at the Small Farm Conference in Grayling; attended the January 28 ACE Conference in Lansing; yesterday, participated in the Farm-to-School Task Force; and today, is attending this meeting.

There was no other travel submitted for approval.

MOTION: COMMISSIONER NORTON MOVED TO APPROVE THE COMMISSIONERS’ TRAVEL. SECONDED BY COMMISSIONER JOUSMA-MILLER MOTION CARRIED.

COMMISSIONER COMMENTS:

Commissioner Regis reported the special committee investigating potential of a food drive effort in conjunction with the March Commission meeting determined it would be unpractical based on facility space at the Capitol. It was decided to instead support the Harvest Gathering event in the fall.

Last month, he had the opportunity to visit a USDA facility at Walt Disney World in Orlando. At EPCOT, they actually grow and raise almost everything prepared in the center’s kitchens. EPCOT is very progressive with their growing, rain collection, and waste-water systems.

February is the national month for several agricultural items: cherries, canned foods, chocolate, great American pies, bird feed, grapefruit, and return shopping carts to the supermarket.

This past weekend, Michigan agriculture lost a friend in the passing of President Emeritus of Western Michigan University, Diether Haenicke. Being the son of immigrant farmers from Germany, he had a long history of experience working in and advocating for the local agriculture industry.

Commissioner Coe reported the Small Farm Conference held in Grayling on January 31 was sold out, with over 700 attendees. The number of young people interested in starting a farm was very evident. This diverse group of emerging entrepreneurs, who believe they can economically support themselves on relatively small plots of land, is based on the fresh food movement and the premium that is available for selling fresh and selling directly to consumers. A few working groups are already developing support for this young farming community, including the Select Michigan Advisory Committee and the Farm to School Task Force, which may present proposals to the Commission in the near future. The Department of Corrections has been sourcing local food, with three regional warehouses to supply their facilities. The numbers in this emerging economic sector depicts a trend developing in this state that needs to be reflected in support for the Michigan Department of Agriculture (MDA).

Commissioner Norton reported he recently attended the Pork Industry Unified Research meeting in North Carolina, noting he is chair of their Animal Welfare Committee. Issues discussed in those meetings were antibiotic use, air emissions, gestation stalls, and human nutrition.

Under the 2008 Farm Bill Planting Transferability Pilot Project (PTPP), Michigan is one of seven states that received an allocation of base acres for the planting of approved fruits and vegetables, having received an allocation of 9,000 acres. Applicants who have no fruit and vegetable history need to apply with a contract in hand at a Farm Services Agency office; sign-up continues until March 2, 2009. The program is an acre-for-acre reduction in base payment, which will require yearly enrollment for the next five years. The plan is an attempt to gain more ability and flexibility to plant fruits and vegetables on these acres.

Enrollment in the Farm Bill Direct and Counter-cyclical Payment Program is underway and will continue until June 1, 2009. Enrollment in the Average Crop Revenue Election (ACRE) program will begin in April. The ACRE program is a revenue-based program that, once enrolled, requires remaining in that program. The DCP program allows later changing to the ACRE program if desired.

He recently participated in the Ag Conference on the Environment; the Michigan Farm Bureau (MFB) Defending Agriculture Program, whose goal is to improve producer communication with the community relative to livestock production; the MFB Planning for Agriculture Program that focused on farmland preservation; and the Michigan Cattlemen's Association Annual meeting, noting for the first time, the National Cattlemen's Beef Association has a Michigan producer as its chairperson.

Profitability issues continue to be a concern; in particular, the milk industry is experiencing prices far below production costs. The pork industry continues in a loss situation, except for those producers having completed forward pricing.

The Swine Symposium is scheduled for February 19 at the Lansing Center and features several educational sessions relative to the pork industry, including animal welfare. Following the symposium, the Michigan Pork Producers Association is hosting their "Taste of Elegance" event, with 16 chefs presenting culinary items that highlight the versatility of pork. Anyone interested in attending this event at 3:30 that day, is welcome to join.

Commissioner Jousma-Miller expressed her appreciation for each of the Commissioner's reports. Because the composition of the Commission is very diverse, they represent and are integrally involved with the likewise diverse agriculture interests in the state.

She was recently honored, along with other Commissioners, to attend the Governor's State of the State address. With announcement of discontinuance of the State's support for the two State Fairs after 2009, the Upper Peninsula (U.P.) community has come together to develop resources for continuance of the U.P. State Fair under different leadership. When the Director visited the U.P. recently, nearly 200 people attended the meeting to discuss the future of the U.P. State Fair, which helped tremendously in putting the community at ease. Although the transition needs to begin with a legislative change, it is amazing how many people have stepped forward in the last two weeks in support of the effort. This is an enormous task to assume, especially to ensure it is successful.

There are 15 participating counties on the U.P. Commission for Area Progress (UPCAP), which is very prominent as the facilitator for the U.P. Association of Counties; and she will be meeting with them this week to seek a resolution of support for the U.P. State Fair. The hope is that, if the 120-acre U.P. State Fair property is transferred to Delta County, an authority can be established through UPCAP and a management team hired to operate the facility. UPCAP, at considerable cost, has agreed to apply and pay for the trademark. The Delta County Commission has agreed to cover costs for the property survey and title search, which is about \$3,000. Once the interested parties were assured the fair could continue under different leadership, each entity is beginning to step forward and offer assistance. State fairs in several other states are successfully operated by an authority and contacts are being made with them for ideas to assist with the transition. A great deal of progress has been made in a very short time and she extended her appreciation to the department for its support in this effort.

Commissioner Byrum noted the Commission encourages and supports everyone's efforts toward the transition of the U.P. State Fair and asked that a motion be proposed to formalize that support.

MOTION: COMMISSIONER NORTON MOVED TO RECOGNIZE AND SUPPORT THE EFFORTS OF ANN JOUSMA-MILLER, THE MICHIGAN DEPARTMENT OF AGRICULTURE STAFF, AND THE NUMEROUS GROUPS IN THE UPPER PENINSULA (U.P.), SUCH AS THE U.P. STATE FAIR BOARD, VOLUNTEER GROUPS, CHAMBER OF COMMERCE, LIVESTOCK AND AGRICULTURE EXHIBITORS, AND MANY PRIVATE CITIZENS, WHO ARE ALL WORKING SO DILIGENTLY TO PROVIDE FOR A SMOOTH TRANSITION OF THE U.P. STATE FAIR OPERATION FROM STATE TO LOCAL MANAGEMENT. SECONDED BY COMMISSIONER COE. MOTION CARRIED.

Commissioner Jousma-Miller expressed her appreciation for the Commission's support of the community's efforts in assuming operation of the U.P. State Fair, emphasizing how important the facility is to the community throughout the year. As their primary event center, it is part of their economic development and year-around family activities.

Commissioner Byrum requested the motion be forwarded to the Legislature, especially those who will be involved in the action relative to the U.P. State Fair. It will also be forwarded to all Commissioners.

Commissioner Jousma-Miller expressed how pleased she was to learn of the recent Michigan State University (MSU) announcement of the agriculture industry's \$71.3 billion impact on Michigan's economy. This is very positive for Michigan. However, with the price of milk falling as it has, we need to be very mindful of current agriculture market trends.

The U.P. is also seeing a growing number of young people coming into the agriculture industry. In March, the annual Agriculture for Tomorrow Conference will be held in the U.P. This event, which has been growing each year, also focuses on bio-energy opportunities. There is a concern, however, regarding the 50% budget decrease for MSU Extension; because most likely, this conference and the recent Small Farm Conference could not be held without its assistance.

She recently attended a Marquette County Fair meeting, the Dickinson County Fair meeting, the Dickenson Conservation District Annual meeting, and will be attending various other Conservation District meetings in the near future.

Commissioner Byrum reported the dairy industry is suffering and exports are in serious trouble. The Mexican Peso is down 40%, the United Kingdom (UK) pound is down 30%, and the Euro is down 25-30% – the buying power simply is not available and this is impacting discretionary purchases. At the same time, other commodities have increased in demand, such as dry beans. There are winners and losers, and although unfortunate, this is what we are facing in today's agriculture market.

As one looks at the overall economy, the local fresh fruit and vegetable movement is very interesting, emphasizing this it is not in competition with the traditional commercial agriculture. Michigan's fresh fruit and vegetable competition lies in California and Mexico and we are bringing production back into Michigan, which is influenced by transportation costs and food safety issues through local origination. Commissioner Coe noted food safety clearly is an important factor and the agriculture industry needs to establish a network that will provide Good Agricultural Practices (GAP) training. Commissioner Byrum noted that small local producers need to recognize this as the biggest issue they face going forward in protecting themselves and the industry.

The public has clearly demonstrated a desire to purchase what is grown in the U.S. and there currently is a move in Congress to rewrite the Country of Origin Labeling (COOL) requirements. The Michigan Agriculture Business Association (MABA) fully supports that effort.

Animal welfare is one of the larger issues agriculture is facing today because the Humane Society of the U.S. (HSUSA) has taken issue on how livestock animals are treated. HSUSA is planning a lobby day in Michigan the end of March. This is not simply an issue for livestock, but an issue for the entire agriculture industry. As demonstrated in California, the challenge is not science-based, it is a political issue, and a great deal of effort will be needed to address it from a much different approach than many groups are currently considering.

Credit continues to be an issue, primarily for those seeking to expand. \$300-500 million of expansion in agri-business around the state can currently be identified. Commissioner Coe reported that during a recent meeting with small community banks in their Regional Economic Development Corporation, those bank presidents advised the regulatory authorities have increased the small community bank reserves to loans requirement by 400%; and because the small community banks are not receiving any of the Troubled Assets Relief Program (TARP) funding, the only place they can build their reserves is to cut credit and call in debt for the small businesses to which they are loaning – this is why funds have not reached the marketplace. The intention of Congress is clearly being thwarted by the financial regulatory community and this inability for farmers to obtain additional financing will adversely affect the industry.

Relative to the State budget proposal to combine the MSU Experiment Station and MSU Extension and cut that combined budget by \$30 million, MABA is a strong advocate that those line items be kept separate to avoid their being blended into tuition.

Fertilizer prices are down from their recent highs. Soybean acreage should soar in Michigan this next planting season, perhaps at the expense of some corn. Other acreage crops are in a bit of trouble and we will see how it all plays out. The industry is 45 days away from planting sugar beets, with potatoes being planted in about 30 days. Commissioner Norton reported at least one seed corn company has cut acreage by approximately 50% and profitability of the corn ethanol production seems based on how long the company has been in business. Commissioner Byrum noted because of VeraSun's closing, rations were switched to Dried Distiller Grains with Solubles (DDGS) and those prices are currently high.

Commissioner Byrum mentioned that just prior to the next Commission meeting on March 18, there is an Agriculture Club meeting scheduled for 7:00 a.m. at the Radisson Hotel and he encouraged Commissioners to attend. Agriculture clubs in other areas of the state are now being initiated as well, with the Saginaw Valley Ag Club meeting on February 27, and another one to be held in west Michigan in Hudsonville on March 20.

DIRECTOR'S REPORT

Director Koivisto reported the Agriculture Census brought good news and was publicized in conjunction with MSU's announcement of agriculture's \$71.3 billion impact on Michigan's economy, compared to \$64 billion previously. The growth trend for the last decade has been upward each year. Although agriculture faces some challenges, as the rest of the national economy is decreasing, agriculture will remain at least stable. A great deal of vacant land is being converted to agriculture and many small entrepreneurs are establishing in the niche or fresh fruit and vegetable farming areas.

With recent efforts on the part of the U.P. community, the U.P. State Fair issue is progressing far better than the department could have hoped. The community has met the challenge and is forging ahead.

The department recently initiated the Select Michigan Advisory Committee and meetings are being conducted in conjunction with the department's Agriculture Development Division. There is tremendous stakeholder interest in this effort, including retailers who are actively involved.

Budget cuts to all agencies across the board are expected. MDA attempts to make those as painless as possible, advising stakeholders the department will work as effectively as possible with the resources available. He reported the overall MSU Extension budget is roughly equivalent to MDA's entire operations budget. Although we do partner with MSU Extension, he asked the Commission to keep in mind the department's concerns, as we do not want to experience any further decrease in MDA's budget.

Relative to the Privately Owned Cervid (POC) industry, the department continues to work with the Michigan Department of Natural Resources (MDNR) to develop a package that can be moved forward legislatively. It appears there is no legislative support for imposing a ban on hunting within fenced areas, and if that is confirmed, we will need to cease efforts in that direction and focus instead on regulation and other issues surrounding the POC industry – registration, licensing, funding, and inspection. The cervid industry has now formed one association to represent itself and the department has met with them to solicit input. The comment period has closed and results will be summarized soon; however, it appears the majority of respondents would prefer the industry be regulated entirely by MDA. Taking into consideration industry comments and in conjunction with MDNR, a workable plan will be developed for this important issue.

MDA was recently named in a lawsuit with New Era Canning Foods. Because the suit is pending, no further details can be shared at this time.

The department review process continues. At some point in time, it may be beneficial for the Commission to review the initial findings before a report is issued. Commissioner Byrum suggested a subcommittee of the Commission review the findings, give the other Commissioners an opportunity to comment and, subsequently, a draft final report be presented. Because of their proximity to the department, Commissioner Byrum suggested, and it was agreed, that he and Commissioner Regis would comprise that subcommittee.

Various issues surrounding item pricing have been discussed by the Commission on several occasions recently. The Director reported the department is currently working with the Attorney General's Office to more closely investigate the reported violations and determine what action is appropriate.

Advancement continues in the agriculture sector and it will continue to be the economic driver going forward. In ten of the twelve mid-west states, agriculture is the number one industry. As you view Michigan's trend line, the overall impact of the agriculture sector is very positive and the department continues to assist with diversification issues within the economy.

DIRECTOR'S TRAVEL

Director Koivisto has no out-of-state travel planned in the near future. Today, Chief Deputy Director Gordon Wenk will be traveling to Washington, D.C. to participate in the National Association of State Departments of Agriculture (NASDA) Mid-winter Conference.

PUBLIC COMMENT (AGENDA ITEMS ONLY)

Mr. Ben Kudwa, from the Michigan Potato Industry Commission, reported considerable challenges currently exist with the Good Agricultural Practices and Good Handling Practices (GAP/GHP) Audit Program inspections of small farms and how that job will be accomplished. GAP/GHP inspectors are coming from the Fruit and Vegetable Inspection Program. Only two MDA employees and one USDA employee are licensed to conduct GAP/GHP inspections, which is insufficient to cover the entire state.

In a National trade magazine, "Spudman," an article titled, "A Fresh Solution" highlights Fresh Solutions Farms in Pigeon, Michigan. This company was one of the first users of the Fruit and Vegetable Inspection Program and prior to February 15, 2009, they were paying \$900 per week for an inspector. They are now paying \$1350 per week, with a scheduled increase to \$1800 per week on January 1, 2010. In his judgment, this will eliminate the GAP/GHP program, its inspectors, and the market inspectors. He realizes everyone is under tight budget constraints, but this creates a huge problem for the industry. A Fresh Solutions' facility represents a \$20 million operation. Another facility that will be heavily impacted is Honee Bear's Lawton facility, which plans to invest \$25 million to expand that facility for packaging frozen vegetables.

If we are eliminating this fruit and vegetable inspection service because of cost, then what will replace that service? The industry will need MDA and the Commission to partner in an effort to develop a solution – to determine a different way to accomplish the inspections. He requested the Commission's assistance in that effort.

In response to inquiry from Commissioner Coe, Mr. Kudwa confirmed the current inspection costs are not sustainable for small producers. Commissioner Coe emphasized the need to explore options for providing inspections for every level of producer, without any relaxation on food safety.

Director Koivisto reported MDA had offered to train individuals whom the industry could then hire to conduct processing inspections; however, the industry was not amicable to that suggestion. He also noted the department is charged within the budget boilerplate language to obtain the exact cost for the program through collecting fees, which is precisely what the department implemented through the fee structure – providing the inspections at cost.

Following considerable discussion, the Commission requested the department develop a special workgroup to address the various issues surrounding the fruit and vegetable industry at all levels and determine an overall strategy for moving forward – determine what the system should look like, what kinds of things we should be doing, at what levels we should be looking, and lastly, address budget and resource challenges. This broad workgroup should include all interested parties – producers, processors, retailers, union representatives, the department, and the Commission.

Mr. Kudwa thanked the Commission for their time. He complimented the department for very effectively keeping the industry informed on the various issues.

In closing, he shared with the Commission copies of the “Michigan Potato Newslines” annual report, calling attention to the article, “Research and Extension – Shifting More Responsibility to Industry.”

Ms. Denise Donohue, of the Michigan Apple Committee, added comments relative to the Fruit and Vegetable Inspection Fees from the apple industry’s perspective. For their industry, the rate comparison must be made to that of their chief competitor, Washington State – Michigan’s fee is now edging toward three times as much per truck load as Washington’s. The new fee structure makes it very difficult for the Michigan apple industry to be competitive in the retail market; the difference definitely comes out of the grower’s pocket, which destabilizes fruit production. We need to be active with the Legislature, especially in light of the amount of funding and effort being put forth on behalf of manufacturing, which should be matched to some extent by support for agriculture. Michigan’s apple industry can not maintain its school lunch business or sales to the military if they are not able to maintain inspections at an affordable level.

She advised the inaugural Select Michigan Advisory Committee meeting was the most productive meeting she has attended recently. It was outstanding and she feels it will make a tremendous difference for agriculture in Michigan. She expressed appreciation for the opportunity to participate in that effort.

LEGISLATIVE UPDATE: Nancy Nyquist, Legislative Liaison

Ms. Nyquist reported she and the Director have had the opportunity to meet with many of the new legislators serving in the agriculture area and found they are very enthusiastic and interested in not only the department, but agriculture overall in Michigan. The first House Agriculture Committee met last week, at which the Director gave an MDA overview and Kathy Fedder presented relative to recalls. Nine of the eleven members are new to agriculture issues, which indicates a substantial educational effort for the department. All members

expressed background and interest in agriculture, noting this was one of their top committee choices.

The Senate is taking up general orders, which today includes Senate Bill 134, the Julian-Stille Ag Innovation Grant Bill. The House indicated they will consider that legislation in early March.

Senator Allen's office indicated the Distillers Legislation would most likely be introduced next week. Also, a task force committee is being organized by Tom Kalchik from MSU Extension for the development of the Farm Market Generally Accepted Agriculture Management Practices (GAAMP) under the Right to Farm Act. All interested stakeholders are involved in the task force, with Jim Johnson representing MDA.

With the March 18 Michigan Commission of Agriculture meeting being held across from the Capitol, Commissioner Regis requested that a personal invitation be extended to the Legislature to attend at least a portion of that meeting. Ms. Nyquist reported those invitations will be sent the first of March.

BUDGET UPDATE: Amy Epkey, Budget Officer

Ms. Epkey reported that on February 12, the Governor presented her 2010 Executive Budget for October 1, 2009 through September 30, 2010, which included several significant adjustments among its recommendations. The overall State budget includes \$44.2 billion, with \$8.9 billion in general fund, which typically has been above \$9 billion in past years. In terms of the department's budget, there are many significant changes and she reviewed a summary document of those items. MDA's 2010 Executive Budget Recommendation includes almost \$83.5 million, which is a significant decrease of \$21 million from the previous year. \$9.2 million of State Services Funds (Casino dollars) have been moved from MDA to State Police and in some cases, general fund dollars have been added to help offset that decrease. One area not offset is the \$1.6 million in premiums to the State and County Fairs, which causes concern for the department as well.

Even though there is an overall increase in the general fund, there are some significant decreases. There is a \$700,000 reduction for the Dairy Program and the department is working very closely with the industry to develop a solution to offset that reduction. There is a 50% reduction for local Conservation Districts, which is significant because the districts are very instrumental in delivering many of MDA's programs. The removal of funds for the U.P. State Fair is obviously a major issue as well.

There also were a number of adjustments to the Federal funds, including a continued decline in funds for the Emerald Ash Borer Program. On a positive

note, the department is receiving \$500,000 for three years of Rapid Response Program funding.

Another reduction noted is the removal of \$8.8 million of authorization for an Interdepartmental Grant (IDG) from the Michigan Department of Community Health. This has no programmatic impact, and is simply a technical adjustment because the funding was actually never received within MDA's budget and the programs will maintain at the same level.

Relative to next steps, the department has been concentrating on outreach, including meeting with Legislative staff and the Fiscal Agencies to answer any questions and to continue advocating for the department. Today, the Director and she will be presenting before the Senate Appropriations Subcommittee to provide an overview, including their request to discuss the Dairy Program. In two weeks, the meeting focus will be on the Equine and Racing Programs; the week following, they will focus on the Bovine TB Program; and on March 18, they are scheduled to report their recommendations.

In response to a request from Commissioner Byrum, Ms. Epkey reviewed documents prepared comparing the historical general fund budget for the department, as well as that of the MSU Agriculture Experiment Station and Extension programs. MDA's general fund budget in 2000 was over \$62.5 million and in 2009, it is only \$32 million. In contrast, the Experiment Station's budget in 2000 was \$31 million and now is \$34 million, and the budget for MSU Extension in 2000 was just shy of \$27 million and in 2009 is \$29.5 million. Commissioner Byrum noted there are several broad issues that need to be discussed in terms of the agriculture infrastructure as we look forward.

CHRONIC WASTING DISEASE UPDATE: Dr. Steven Halstead, State Veterinarian; and from the Michigan Department of Natural Resources, Dr. Steve Schmitt, Wildlife Veterinarian, Shannon Hanna, Wildlife Biologist, and Dean Molnar, Law Division

Dr. Halstead reported relative to the disease surveillance completed in the Privately Owned Cervid (POC) operations following the August Chronic Wasting Disease (CWD) detection in Kent County. The specimen submission requirement includes 100% of all cervids 12 months of age or older that have died, or are slaughtered, hunted, or otherwise killed. He reviewed surveillance numbers from the previous few years. In 2007, approximately 1,619 animals were tested, and with the required increased activity, 4,192 animals were tested during 2008. Through the first six weeks of this year, 238 animals have been submitted for surveillance.

Reviewed were statistics for the five herds that were of epidemiological concern as a result of the positive CWD detection. Tests for all of these herds have been

negative. Those with animals unable to test are under a 5-year compliance plan for their herds.

MDA and MDNR continue to make progress on the release of quarantines. To date, 259 facilities remain under quarantine, with 233 having been released. Based on their risk level, non-compliance is the reason operations are still under quarantine.

Dr. Schmitt reported that finding the POC CWD positive animal in August required MDNR to increase their testing of wild deer and elk statewide. In 2008, they tested 9,151 free-ranging deer for CWD, which is a six-fold increase from 2007. Since 1998, 31,022 free-ranging deer, 1,038 elk, and 48 moose have been tested, with all tests being negative for CWD. The most intensive testing was conducted in and around the positive find in Kent County.

However, these results do not mean we are out of the woods yet; with an estimated 13,000 deer in the 9-township Kent County area and just 1,523 having been tested, some CWD positive deer could still be present in that area. This is why the CWD Surveillance Response Plan was drafted as it was in 2002 – to detect CWD in free-ranging deer, testing must be continued for a minimum of three years.

Even if there are no CWD positive deer in the state, the disease could be introduced into the state at any time. To lower the risk, we must continue the POC cervid importation ban; continue restrictions on importation and possession of harvested free-ranging deer or elk from states or provinces where CWD has been found; maintain the feeding and baiting ban in the Lower Peninsula; and continue adequate CWD testing of POC and free-ranging cervids. Prevention is crucial – if not controlled, as much as a 50% decline in the deer population could result over a period of time. We must continue to be diligent in preventing the establishment of CWD in free-ranging deer in Michigan. If we fail, we will likely have to live with the disease forever.

Ms. Hanna reviewed statistics on the number of captive wildlife permits issued for deer and elk since 1992, when MDNR began the permit process. The late 90s was a lucrative period for the industry and in the year 2000, the Privately Owned Cervidae Producers Marketing Act, P.A.190, was passed which transferred the regulation to MDA and initiated the captive cervid registration program. In 2004, the registration database was transferred back to MDNR, with a high of 815 facilities being in the database. Revisions to the legislation in 2006, coupled with changes in the market, caused a decline in the industry and currently there are 492 registered POC facilities, which include 70 expired registrations. Since the passing of Act 190, several applications are still pending with no expiration on those applications in the system.

A total of 230 facilities were decommissioned in the 2001-2006 timeframe, with 79 currently in the decommission phase – 75 of those since the August 23, 2008, statewide quarantine. Decommissioning plans are written for facilities wishing to go out of business. Those facilities that are compliant and with full registration may move live animals. If a facility is non-compliant, all animals are killed and tested.

Of the facilities still under quarantine, 78 require re-inspection and 52 are not yet ready for an inspection visit. MDNR has been unable to reach 37 of the facilities, whose names will be forwarded to the Law Enforcement Division for a physical follow-up in the near future. Efforts have been concentrated on working with those facilities wanting to be released from quarantine to allow for their continuing to do business.

Mr. Molnar reported on August 25, 2008, 558 notices of quarantine in 82 counties were served by MDNR and MDA. POC facilities were placed on surveillance based on their risk levels, ranging from 24/7 to a minimum of once per week. Part of the surveillance efforts included providing neighbors with printed information and soliciting their help in reporting any unusual activities at these facilities. The main objective was to prohibit the movement of all dead or alive privately owned cervids. Five POC facilities are currently under active investigation.

Misdemeanor and felony violations have been identified to include violations of quarantine, fencing or operational standards, record keeping, testing requirements, importation of live captive cervids, and taxidermy. Law Enforcement Division continues to work with the Wildlife Division to bring P.A. 190 non-compliant operators to prosecution or decommission. The industry has displayed some desire to self-police itself and reports continue to be received. Assistance and cooperation from other law enforcement agencies has also helped in the surveillance effort.

In response to inquiry from Commissioner Coe, Mr. Molnar advised they received excellent cooperation from the hunting community in compliance with the baiting and feeding ban – in 2007, 186 hunter complaints of baiting violations were received, as compared to 1,035 in 2008. Field generated complaints of baiting violations by MDNR officers in 2007 were 230, increasing to 999 in 2008. These numbers illustrate that the hunting community and the general public support the baiting ban. In response to question by Commissioner Coe, Mr. Molnar reported a person could lose their ability to purchase a license if the court so chooses to impose that penalty. MDNR is seeking various revisions to the legislation that would create higher levels of penalties to help deter the practice even further.

Also, if the growers would plant some other commodity in the future, this would greatly assist the problem as well by decreasing the supply.

In response to inquiry from Commissioner Coe, Mr. Molnar advised MDNR observed much of the baiting supply being moved to the U.P. for sale. Director Koivisto reported the department, along with MDNR, extensively investigated the agricultural supply side of the baiting issue; however, based on various issues and limitations, were unable to develop any clear solution.

Director Koivisto asked that Mr. Molnar advise his people in the field of MDA's appreciation for all of their efforts. We were faced with an unknown when CWD was discovered and the problem required quick decisive action. With MDNR's outstanding enforcement capabilities, we were able to accomplish the task. Mr. Molnar noted a good partnership has been created between the agencies and a great deal of positive work has been accomplished together in this effort.

Dr. Halstead reported the three organizations that had previously existed to support the POC industry in Michigan have merged and new leadership has been elected, including an ethics chairperson. Approximately one-third of the facilities had been members of organizations in the past and MDNR will be working to encourage more POCs to join the new organization. In response to question from Commissioner Coe, Ms. Hanna reported other states do include organization membership as a requirement for licensing and a change could be made to P.A. 190 to include that requirement for Michigan. Commissioner Coe recommended this action should be pursued. Commissioner Byrum noted mandatory certification requirements could be included even in a program run by a third party, which wouldn't require membership, but would require active certification participation.

BOVINE TUBERCULOSIS (TB) PROGRAM UPDATE: Dr. Steven Halstead, State Veterinarian

Dr. Halstead reviewed the proposed changes in the Bovine TB Memorandum of Understanding (MOU) between MDA, MDNR, and USDA Animal and Plant Health Inspection Service (APHIS) Veterinary Services (VS). The proposed changes resulted from discussions held over the last two years and were driven by various reviews, interactions with the industry, shrinking budgets, and demand on the program to increase efficiency, cost effectiveness, and accountability. Comments have also been solicited from main organizations in the state, Michigan Farm Bureau, Michigan Milk Producers, and Michigan Cattlemen's Association. In large part, the new MOU will be based on a risk-based surveillance strategy. It essentially places controls where they are needed most and reducing or removing controls where there is little benefit. He reviewed details of the proposed risk-based testing program, which includes: 1) the Modified Accredited Zone (MAZ) be reduced in size to the five northeastern

counties, plus the northern edges of Iosco and Ogemaw Counties where bovine TB is most prevalent; 2) three compartments be created in the now expanded Modified Accredited Advanced Zone (MAAZ); 3) the western six counties, which were previously in the MAZ, would be moved into the MAAZ, and referred to as Compartment 1; and 4) the 11 counties south of the 2008 MAZ would comprise Compartment 2 and the rest of the Lower Peninsula would comprise Compartment 3.

Efforts would then be focused where the risk is the greatest, with some definite incentive for the producers. Producers will have an opportunity to implement risk management practices that reduce the surveillance and testing requirements. This would also reduce the number of tests the State would need to perform, from a required testing level in 2007 of approximately 1,800 herds to an estimated 1,500 in 2008, and by the end of this year, down to approximately 1,000 herds.

In response to question by Commissioner Norton, Dr. Halstead advised that 85% of the bovine TB positive herds have been in the five-county MAZ area. The goal is to base future work on managing the risk as effectively as possible. If producers implement risk mitigation practices, it removes much of the burden of testing and, more importantly, removes the additional burden of their customers having to test.

In the next few weeks, hearings will be held in accordance with the zoning order changes. The MOU will be finalized for signature by all partners by mid-June. Opportunities will be given for all participants, the livestock owners, sportsmen, land owners, etc., to be made aware of the proposed changes and have an opportunity to ask questions and provide feedback.

He distributed copies of the Bovine TB Wildlife Risk*A*Syst Project, which is modeled after devices that have been very effective in the past – the Farm*A*Syst Program through MDA and the Environmental Quality Incentives Program (EQIP) Program coordinated by USDA. Wildlife Risk*A*Syst is an assessment tool with a solid foundation for success, focusing on livestock feeding practices, feed storage, livestock watering sources, and wildlife activity. Staff are currently working with producers to implement this Risk*A*Syst assessment and determine how, on their specific piece of property, they can best manage those particular areas of risk. Funds have been requested under the Federal Stimulus Package, and a search for other funding opportunities, such as cost share with producers, is underway.

A progress report relative to the proposed changes in the MOU will be presented at the next Commission meeting, as well as an opportunity for any action by the Commission.

In response to inquiry by Commissioner Byrum, Dr. Halstead advised there has been one bovine TB positive beef herd identified during this testing season and there is one cervid herd with which they are working in the Atlanta area. During the next Commission meeting, MDNR and MDA will present the Bovine TB Annual Surveillance Report.

2007 AGRICULTURAL CENSUS UPDATE: Vince Matthews, Deputy Director, Michigan Agricultural Statistics

Mr. Matthews reviewed results of the 2007 Census of Agriculture Data Release, noting that the definition of a farm for the census purpose is any place from which \$1,000 or more of agricultural products were produced and sold, or normally would have been sold, during the census year. The census portrays the large dichotomy of agriculture in Michigan.

Highlights of the census included: the value of sales is \$5.75 billion, up nearly \$2 billion from 2002; production expenses were \$1.5 billion higher than 2002; and there were approximately 3,000 additional farms as compared to 2002, going from 53,000 to 56,000 – that increase came partially from stressing the importance of small farms, the increase in prices causing more operations to qualify, and an emphasis on direct marketing and farmers' markets.

Other highlights included: 4% of the farms account for 68% of the sales; 61% of the farms have sales less than \$10,000; farms employed nearly 86,000 workers, with a payroll of \$607 million; the top commodity sectors were grains, oil seeds, and dry beans at 30% of sales, milk and dairy products at 22%, and nursery, floriculture, and greenhouse at 11% of sales; and the top five counties in terms of value of sales were Allegan, Ottawa, Huron, Sanilac, and Ionia.

Complete details on the census information are available on their Web site at <http://www.nass.usda.gov>. It contains a feature called "quick stats" where data can be queried, and very specific queries are now possible with the new site. Commissioner Byrum noted it is an amazingly useful site and very helpful when needing specific statistical information.

The U.S. Congressional District Profiles will be published the end of April, the State Legislative District Profiles with data by House and Senate Districts tentatively by June 1, and the Watershed Tabulations should be completed in July. The Farm and Ranch Irrigation and Organic Production Surveys will be available in late 2009.

The content team for the 2012 census is already formed. Ideas for changes, new questions, or other comments can be sent via e-mail to nass@nass.usda.gov.

COMMISSIONER ISSUES

Commissioner Byrum reiterated the fruit and vegetable inspection issues, noting the department will be developing a strategy on how to proceed. Relative to budget, the State is again proposing to cut Conservation Districts and it is important to recognize that agriculture isn't just one or two institutions; it is a broad range of institutions.

Commissioner Jousma-Miller confirmed that once all of the cervid industry comments are evaluated, the Commission will have the opportunity to re-evaluate their position on the issues. Director Koivisto reported the summary document is in process and will be reported to the Commission when completed.

PUBLIC COMMENT

Mr. E.J. Brown, Michigan Association of Fairs and Exhibitions, distributed a list of the Michigan Association of Fairs and Exhibitions 2009 Executive Committee and 2009 Directors. Mr. John Currie remains president for this year.

Their board is very concerned about the status of the two state fairs and will be passing a resolution in support of other entities assuming management and promotion of those fairs. They are educating their membership on the fact that two different situations exist in that the state fairs are managed by two different departments and are structured very differently from each other.

Their annual convention was held in January. Although prior to the Governor's budget announcement for 2010, attendees were very optimistic and upbeat about the 2009 season. The 2009 fair season will proceed as scheduled, including the two state fairs. The group is very optimistic because it is an opportunity for people to stay closer to home. However, they will need to obtain sponsorship dollars and develop a program to supplement premiums for the coming year in 2010, which presents a significant challenge.

The Michigan Association of Fairs and Exhibitions will hold its 125th annual convention January 7-9, 2010, at the Amway Grand Plaza in Grand Rapids. They will also be hosting their region's international association in March of 2010, which includes Kentucky, Ohio, Indiana, Michigan, and parts of Ontario.

In response to question by Commissioner Coe, Mr. Brown advised during the last State Fair Board Authority meeting, it was decided a legal opinion needs to be requested from the Attorney General's Office to determine who actually holds title to the 164-acre Michigan State Fairgrounds in Detroit. That request is in process.

Mr. Ben Kudwa, Michigan Carrot Committee, advised the committee estimates about 30% of the culled carrot harvest was marketed to new and different

markets, but is still a huge problem. Because of the baiting ban, some of the growers lost hundreds of thousands of dollars. Carrots are a good barometer of the baiting situation, because approximately 30% of carrots are culled out, which represents a huge number which can't simply disappear. He encouraged the department to pay particular attention to protection under the Right to Farm Act.

In response to inquiry from Director Koivisto, Mr. Kudwa advised he would hope that future plantings of those acres would be converted to fresh fruit and vegetable crops.

ADJOURN

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

The meeting was adjourned at 12:03 p.m.

Attachments:

- A) *Agenda*
- B) *Agriculture Commission Meeting Minutes January 8, 2009*
- C) *"Michigan Potato NewsLine" publication of the Michigan Potato Industry Commission*
- D) *Legislative Status – February 2009*
- E) *Michigan Department of Agriculture 2010 Executive Budget, February 12, 2009*
- F) *Fruit and Vegetable Inspection Fees Memo, Fee Schedule, and Program Summary*
- G) *2008 Chronic Wasting Disease Report*
- H) *Executive Summary of Proposed Changes for the 2008 Bovine Tuberculosis (TB) Memorandum of Understanding between Michigan Department of Agriculture (MDA), Michigan Department of Natural Resources (MDNR), and United States Department of Agriculture (USDA) Animal and Plant Health Inspection Service (APHIS) Veterinary Services (VS)*
- I) *Draft 2008 Bovine TB Memorandum of Understanding between MDA, MDNR, and USDA APHIS VS*
- J) *Map of Proposed Risk-Based Bovine TB Testing Program*
- K) *"Wildlife Risk*A*Syst for Bovine TB"*
- L) *2007 Census of Agriculture Data Release*