

MICHIGAN COMMISSION OF AGRICULTURE
Emerald Room
Amway Grand Plaza Hotel
187 Monroe Avenue, NW
Grand Rapids, Michigan

MEETING MINUTES
DECEMBER 7, 2005

PRESENT:

James Byrum, Chair, Commission of Agriculture
Ann Jousma-Miller, Secretary, Commission of Agriculture
Douglas Darling, Commission of Agriculture
Dale Norton, Commission of Agriculture
Mitch Irwin, Director, Michigan Department of Agriculture

OTHERS PRESENT: (all or part of the meeting)

Liana Bennett, MDA
E.J. Brown, Michigan Association of Fairs & Exhibitions
Liesl Clark, MDA
Robert Craig, MDA
Keith Creagh, MDA
Kenneth DeCock, Macomb Agricultural PDR Committee
Dr. Steve Halstead, MDA
Karen Klug, MAFE/Berrien County Youth Fair
Jeanne Lipe, MDA
Bridget Medina, MDA
Deb Merrill, MDA
Bridget Patrick, MDCH
Aaron Rice, Michigan Great Lakes International
Tonia Ritter, Michigan Farm Bureau
Dr. Mike VanderKlok, MDA

CALL TO ORDER AND ROLL CALL

Commissioner Jousma-Miller called the meeting of the Commission of Agriculture to order at 10:10 a.m. on Wednesday, December 7, 2005. Commission Jousma-Miller called the roll with Commissioners Darling, Norton and Jousma-Miller present. Commissioner Maitland was excused and Commissioner Byrum and Director Irwin arrived at 10:15 a.m.

APPROVAL OF AGENDA

MOTION: COMMISSIONER DARLING MOVED APPROVAL OF THE DECEMBER 7, 2005 AGENDA. SECONDED BY COMMISSIONER NORTON. MOTION CARRIED UNANIMOUSLY.

APPROVAL OF NOVEMBER 7, 2005 MEETING MINUTES

MOTION: COMMISSIONER NORTON MOVED APPROVAL OF THE NOVEMBER 7, 2005 MEETING MINUTES. SECONDED BY COMMISSIONER DARLING. MOTION CARRIED UNANIMOUSLY.

NEXT MEETING

The next meeting of the Commission of Agriculture is scheduled for January 9, 2006, in Lansing.

COMMISSIONERS' TRAVEL

- TB Public Meetings – Commissioner Jousma-Miller
- December 1-2, 2005, Michigan Farm Bureau Annual Meeting - Commissioners Norton and Darling
- December 2, 2005, MDA Employee Recognition Ceremony – Commissioners Norton and Darling
- December 2, 2005, MDA Employee Holiday Party – Commissioner Norton

MOTION: COMMISSIONER DARLING MOVED TO APPROVE THE ABOVE TRAVEL FOR THE COMMISSIONERS. SECONDED BY COMMISSIONER NORTON. MOTION CARRIED UNANIMOUSLY.

COMMISSION COMMENTS:

Commissioner Darling commented that during the Michigan Farm Bureau (MFB) Annual Meeting, he and Commissioner Byrum had the privilege of judging the Discussion Meet finals. He stated that it is refreshing to see the expertise, interest and knowledge that the young farmers in Michigan have and how well they can articulate the issues. It was a very difficult event to judge because of the equity between the participants. Dan Schulz was the winner.

Commissioner Darling attended the MFB Policy Sessions on Thursday and the banquet that evening. MFB President Wayne Wood spoke at the luncheon and had comments specific to the Michigan Department of Environmental Quality (MDEQ) and livestock issues, along with other agriculture issues.

The Distinguished Service to Agriculture Award was presented at the banquet to past MDA director, Dan Wyant. He stated it was a wonderful event.

Commissioner Darling also attended the Director's Breakfast. Becky Humphries, Michigan Department of Natural Resources, (MFB) Steve Chester, (MDEQ) and Director Irwin each spoke and it was an open forum for comments. Director Irwin did an outstanding job conveying concerns and focus of MDA.

He attended the Industry Outlook Luncheon where Governor Granholm spoke. He also attended the trade show at the Expo and spoke to a number of people on a variety of issues.

Commissioner Darling commented that the MDA Employee Award Ceremony was a great family event. The Commission for Excellence Award was presented to the Migrant Labor Housing Team for their creativity in dealing with budget cuts while still helping the farmers in the state with housing for their migrant labor.

In his home area, he is hearing about the livestock issue with MDEQ. Farmers are watching the grain markets, fertilizer prices and the greenhouse industry is very interested in energy costs.

Commissioner Norton attended the MFB Industry Outlook Luncheon, MFB annual banquet and was pleased to attend the MDA Employee Awards Ceremony and holiday party.

By and large, harvest went well in his area with good crops. There is still some corn out in the field under snow.

Commissioner Jousma-Miller commented that three public meetings were held in the Upper Peninsula to receive comment on the Proposed Zoning Order for TB Free Status. She was able to attend two of the meetings and was pleased that approximately 90 people attended. The major concern is markets.

The Agriculture Tourism Commission held a conference call dealing with zoning. The Roundtable Discussion for Farm Market Operators at the Expo was used as a Listening Session. Zoning issues around the state are very diverse as all zoning is local. She stated an interest in meeting with the new director at the Michigan Townships Association to recognize the value and viability of agriculture. She feels that they are selling

themselves short by keeping the zoning ordinances so tight that there is no opportunity for expansion.

The next meeting for the Agriculture Tourism Commission is scheduled for January 10, 2006 in Lansing.

Commissioner Byrum commented that the corn acreage might not be down as much as initially expected. There will be strong demand for corn for the four ethanol plants expected to open in the fall. The corn required for those plants will need to be grown next year.

Transportation continues to be a huge problem. Commissioner Byrum will participate in another meeting to discuss rail issues.

Michigan Agri-Business Association (MABA) members feel there are many opportunities for growth in agriculture. Partners will be needed.

Water legislation has recently moved out of committee. He feels this is very positive for agriculture. Legislation to expand the number of renaissance zones is also a positive step. MABA members are excited about both.

The next commission meeting will be held in conjunction with the MABA annual meeting. The keynote speaker for the opening luncheon will be Mike McCarty, CEO, Helena Chemical. Helena Chemical is the second largest retailer of agricultural crop protection materials in the country. There will also be a trade show.

PUBLIC COMMENT

Upper Peninsula TB Free Status/Proposed Zoning Order: There were no public comments at this time.

Dr. Steve Halstead and Dr. Mike VanderKlok spoke about the recently completed public meetings on the proposed zoning order change. Dr. VanderKlok commented that they held the educational sessions to discuss the program and changes in the Proposed Zoning Order. The TB Advisory Committee also met and the TB Implementation Group met. Between 250-300 people were involved. Overall, the comments were favorable. A formal report will be developed. The primary concerns were about implementation and communication with the producers. Dr. VanderKlok commented briefly about the success of the implementation process over the last few years and stated that they will continue to use that philosophy.

There was a lot of interest in the electronic identification section. No real opposition but questions about expanding operations, etc.

MOTION: COMMISSIONER DARLING MOVED TO SUPPORT THE PROPOSED CHANGES IN THE TB ZONING REQUIREMENTS. SECONDED BY COMMISSIONER NORTON. MOTION CARRIED UNANIMOUSLY.

AGRICULTURAL PRESERVATION FUND BOARD RECOMMENDATIONS:
Gordon Wenk, Director Environmental Stewardship and Rich Harlow,
Farmland Preservation Program Manager, Environmental Stewardship

Mr. Wenk reviewed the process of the Agricultural Preservation Fund Board (APFB) grant process. According to statute, the Fund Board makes a recommendation to the Michigan Commission of Agriculture and the Commission approves the expenditure of dollars to preserve farmland.

There were 18 communities that submitted applications, 15 of those were qualified. Eleven communities then submitted proposals that the APFB reviewed and based on a point system, recommended the following five communities for funding: Macomb Township, Peninsula Township, Pittsfield Township, Eaton County and Kent County.

He commented that Mr. Harlow did a great job in helping the APFB set up criteria for evaluations and Charamy Cleary did an excellent job in reviewing all the proposals and preparing them for presentation to the APFB.

In response to a request from Commission Darling, Mr. Harlow explained the point system used, a new system being used as a pilot this year with lessons learned applied to changes for next year.

He commented that they looked at other state's programs prior to developing the system for Michigan.

Commissioner Byrum acknowledged letters of support from Senator Alan Sandborn and also from Representative Jack Brandenburg supporting the Macomb PDR Program.

PUBLIC COMMENT

Kenneth DeCock commented that he is on the Macomb PDR Committee and appreciated working with Mr. Harlow and Charamy Cleary on this process. He stated they were very patient and did not mind the questions asked. He pointed out that the proposal is for the Macomb Agricultural

PDR Committee, not Macomb Township. He supports the scoring process.

MOTION: COMMISSIONER DARLING MOVED TO SUPPORT THE AGRICULTURAL PRESERVATION FUND BOARD GRANT RECOMMENDATIONS. SECONDED BY COMMISSIONER JOUSMA-MILLER. MOTION CARRIED UNANIMOUSLY.

REVIEW OF OPERATIONAL STANDARDS FOR PRIVATELY OWNED CERVID: Keith Creagh, Deputy Director, MDA, and Bill Moritz, Chief, Wildlife Division, MDNR

Mr. Creagh commented that in the prior week, he and Mr. Moritz had given a similar presentation before the Natural Resources Commission. One of the issues relative to the Privately Owned Cervid (POC) Program was an audit developed and implemented by MDNR and MDA and those findings previously shared with the Commission. He then discussed an initiative that is co-chaired by Mr. Creagh and Mindy Koch from MDNR and gave a PowerPoint asking for Commission support of interim activities. A final report will be presented to both the Agriculture and Natural Resources Commissions in January 2006. This shows progress and agreement made between agencies and help support the work of the workgroup.

Mr. Creagh reviewed program activities for FY 2006 to date. MDA sent a letter to producers elevating the urgency of sample submission. The moratorium on live cervid importation was extended. MDNR filled the position of the program coordinator. There have been increased law enforcement activities and facility inspections are underway. There has been a proposed revision of the Draft Operational Standards, development of a database is underway to use risk-based assessment and remind everyone that their annual inventory reports are due January 15.

The Operational Standards Workgroup was very broad based, similar to the initial workgroup that developed the statute for privately owned cervids. Mr. Creagh gave special thanks to Mindy Koch and Bill Moritz for their leadership. There was also participation from the offices of Rep. Matt Gillard and Sen. Jerry Van Woerkom.

Mr. Creagh then briefly reviewed the audit findings and responses based on the work status of the Workgroup.

There is a general lack of Chronic Wasting Disease (CWD) testing of Michigan POC, despite mandatory testing program. MDA is developing

compliance agreements and implementation of farm quarantines where necessary. Ranches will be required to comply with more stringent disease testing requirements.

In the audit and in the standards, there was no way to decommission or de-register facilities. A new section has been added to address that. Procedures to deal with facility abandonment were developed.

More modern, up-to-date recordkeeping methods are needed. MDA has been allocated resources to begin development of an electronic recordkeeping system. Producers will be provided with record templates for voluntary adoption. Record retention has been increased to seven years.

Escapes and escape protocol has been redefined in the Operational Standards.

Changes proposed require enhancement of fences for existing facilities to be made by January 1, 2008 and detail enhanced construction standards for new fences. All deer and elk fences will be 10 feet in height. Weekly fence inspections are required.

Ranches that cannot tag animals added to the herd through natural reproduction must have an approved disease testing plan and an approved method to assure closure of perimeter gates.

Remaining steps include completion of workgroup revisions and meetings to finalize operational standards; recommend NRC endorse moving the final draft of operational standards into the regulatory framework; and incorporate these draft operational standards into a regulatory framework to ensure enforceability.

Mr. Moritz stated that this issue is an emotional one. The process has been a good one. The departments involved, along with the industry, have had open and frank discussions and come to agreement on how to move forward. He introduced Tom Oliver, the new POC Program Manager.

In response to a question from Commission Jousma-Miller, Mr. Moritz stated that new site management will be handled by MDNR with concurrence on the health and disease plans from MDA. Animal identification could be compared to electronic identification for cattle.

Mr. Creagh said that the standards currently state that you need two forms of identification, one being visible. Recognizing the issues relating to a ranch-type facility is the reason for bio-security and increased disease management plans.

MDA and MDNR are responsible for joint enforcement activities.

Commissioner Jousma-Miller commended Mr. Creagh and Ms. Koch for the workgroup composition.

Commissioner Byrum commended both departments for their work on this program. He has received many positive comments from MABA members about the audit process.

In response to questions from the Commissioners, Mr. Creagh explained that the current draft would amend the current operational standards which will need to be codified so there is no question about the enforceability of the standards. A final copy will be presented in January for adoption.

Commissioner Jousma-Miller stated that communication must continue with industry.

MOTION: COMMISSION JOUSMA-MILILER MOVED THAT THE MICHIGAN COMMISSION OF AGRICULTURE (MCA) SUPPORT THE CURRENT DRAFT OPERATIONAL STANDARDS FOR PRIVATELY OWNED CERVIDAE FACILITIES AND THAT THE COMMISSION REVISIT THE PROGRSS AT THE JANUARY 2006 MCA MEETING. SECONDED BY COMMISSIONER DARLING. MOTION CARRIED UNANIMOUSLY.

DIRECTOR'S REPORT

Director Irwin welcomed members of the equine partnership group and representatives from Michigan Festivals & Events Association.

There is an equine industry survey currently underway. Phase I should be completed by June. Funding needs to be identified to complete Phase II by the end of the year. The last equine survey is quite old and the new survey will be helpful with current issues with legislative proposals, capital improvements at Michigan State University, and efforts underway at MDA.

With the Commission's stepped up profile and MDA's aggressive activity in some areas, MDA is being noticed in a positive way and is improving the overall profile of the Michigan food and agricultural industry.

Survey results through MSU and MDA have shown growth in the agriculture industry since the census of 1997. It has increased from \$37 billion to \$59 billion in value added in the food and agriculture industry.

Staff continues to work through current budget challenges with some help from stakeholder groups.

The electronic animal identification program is on track and further discussion is anticipated following stakeholder input and action at the January meeting.

There is a good proposal pending about the state's water regulation. He thanked those who have had opportunities for input.

He stated that Michigan Farm Bureau's Annual Meeting was a fine event and thanked Commissioners who were able to attend. MFB President Wood made an interesting and meaningful presentation to former MDA Director Dan Wyant.

Staff met with congressional staff in Washington, DC about Emerald Ash Borer funding on December 2, 2005. Michigan is in jeopardy of losing federal support. There are a number of new states that are competing for the same federal dollars, and the funding level has also been cut. Work is ongoing, with the help of Congressman Dingell, to keep the support for Michigan.

Mr. Irwin distributed a summary of a number of agriculture policy sessions. These brainstorming sessions were held to reach out to stakeholders. Producers and growers were included. The two questions asked were "what are the impediments to doing business?" and "what do you see as opportunities that are being missed?" There were approximately 85 individuals involved.

The Michigan Department of Agriculture Employee Awards Ceremony was held. He thanked the Commissioners who attended. He stated that this is an annual event and it is a way to recognize the hard work and effective work that is being done every day.

Director Irwin distributed a brochure that has been put together describing the Agriculture Tourism Commission and discussed some of the upcoming activities. He also commented about funding that has been earmarked through the securitization package for Grow Michigan strategy, Travel Michigan, and the Julian-Stille fund. MDA will be working hard to

coordinate access to the funding. Money should be available in April. The Agriculture Commission will have a roll to play with the Julian-Stille fund and staff will present an outline at the next meeting and must have a vote by the February meeting on the criteria and evaluation by which the funds will be available.

Renaissance zone expansion legislation is continuing to move and MDA is arguing for expansion and in favor of criteria that would identify larger and smaller opportunities that are critical.

Director Irwin commented briefly about a tour taken recently of a Michigan Agricultural Environmental Assessment Program (MAEAP) verified farm owned by Larry and Ken Nobis. Discussions included how to further promote and expand the program.

He thanked all of those who participated in the Industry Outlook luncheon with Governor Granholm at the Great Lakes Expo. MDA will continue to work with federal, commodity and industry partners to stretch resources.

He briefly reviewed upcoming meetings including the quarterly commodity executives meeting, the Expo advisory group, Agriculture Commission meeting, MABA Annual Meeting, Great Lakes Trade Expo, and the Michigan Grape & Wine Industry Council.

TB ERADICATION HERD PLANS

Mr. Irwin asked Dr. Halstead to comment regarding the TB Eradication Herd Plans. Dr. Halstead distributed a document and reviewed. He stated that in the past, MDA has allowed herd owners to engage in test and removal programs for TB infected herds. Rather than to depopulate the entire herd at one time, the animals are tested on a regular basis and removed if reactive to the test. Over a period of five years, those herds are freed of TB and the quarantines released.

The test and removal program has now become a hindrance to advancement through the stages of the TB Eradication Program. Dr. Halstead asked the Commission for a motion of support.

Dr. VanderKlok explained that there has been tremendous success over the last couple of years in the TB program. Because of that, the number of USDA designated TB infected herds is a big consideration in moving up in the program. Michigan is now eligible to move up in the program and reap the benefits of the hard work people have done throughout the entire state. What would hinder Michigan now is that USDA counts herds that are under a test and removal program as TB infected until they are

released from quarantine. We are at a point where you can have only three herds and still be eligible to move up in the program. Michigan needs to submit a plan now. Adding herds for the next five years as they come up would hinder the program and slow down the progress in getting back to TB free status in the entire state. At the TB Advisory Committee meeting last week, there was a motion that stated as new herds come up, we no longer consider offering a test and removal program.

There are currently two dairy herds on test and removal plans that have been in the program for two years and have not had additional positive animals. Staff has begun discussions with the two owners to consider depopulation plans.

There were questions from the Commissioners and discussion ensued regarding the proposed TB eradication herd plan. Dr. Halstead stated that this is a difficult issue.

Director Irwin stated that it is the intent of the department, based upon recommendation of the state veterinarian, that if an additional herd were found, this would be the protocol used under science-based recommendation to the director. It was Dr. Halstead's intent to inform the Commission and to ask whether they wanted to enter into a formal action.

MOTION: COMMISSIONER DARLING MOVED TO RECEIVE THE REPORT SUBMITTED. SECONDED BY COMMISSIONER NORTON. MOTION CARRIED UNANIMOUSLY.

PROPOSED 2006 COMMISSION MEETING SCHEDULE: Chairperson Byrum

Commissioner Jousma-Miller noted that she would not be available for the February meeting.

MOTION: COMMISSIONER JOUSMA-MILLER MOVED TO ACCEPT THE PROPOSED 2006 COMMISSION MEETING SCHEDULE. SECONDED BY COMMISSIONER NORTON. MOTION CARRIED UNANIMOUSLY.

COMMISSION OF AGRICULTURE POLICY REVIEW: Keith Creagh, Deputy Director, Michigan Department of Agriculture

Mr. Creagh reviewed a newly drafted version and realignment of Commission policies. Director Irwin thanked Mr. Creagh and staff for their work. He suggested the Commission take the policies under review and consider a vote at the January meeting.

MOTION: COMMISSIONER NORTON MOVED TO TAKE THE DRAFT AGRICULTURE POLICIES UNDER REVIEW AND CONSIDER FOR A VOTE AT THE JANUARY 9, 2006 MEETING. SECONDED BY COMMISSIONER DARLING. MOTION CARRIED UNANIMOUSLY.

GUIDELINES FOR LIVESTOCK SHOW PREMIUMS: Keith Creagh, Deputy Director, MDA

Commissioner Byrum commented that this issue was presented at the November 9, 2005 Commission meeting and the Commission asked that the issue be held open for discussion to assure stakeholders were on board.

Mr. Creagh stated that the working committee did meet again on December 5, 2005 to discuss the two outstanding issues. One involved reducing the number of exhibitors from 250 to 200. Both the committee and staff recommend the 200 minimum exhibitor requirement. The other change for the Commission to consider is a change in language in the guideline recommendations. Based on conversations with industry representative and staff, he asked that the Commission change under Guideline 2, the phrase *a series of education challenges to a series of educational projects which include learning objectives*. The change makes the language more consistent with Regulation 811.

PUBLIC COMMENT

E.J. Brown, Michigan Association of Fairs and Exhibitions (MAFE), introduced Karen Klug, Berrien County Youth Fair, Zone 1 Director of Southwest Michigan Fairs and Treasurer of MAFE. Mr. Brown stated that after much discussion over the last several days with Barbara Hensinger (Director, Fairs, Exhibitions & Racing Division, MDA) she has agreed to a “grandfather” clause that states that organizations hosting statewide livestock shows that have participated in the Livestock Grant Program for the past three years will be exempt from the minimum exhibitor requirement. The show must still make timely application and meet all other requirements to be eligible for premium funding. The program would then be reevaluated at the end of the FY 2006.

He commented favorably with the language change to include “learning objectives.”

When asked by Commission Byrum if Mr. Brown supported the 200 exhibitor requirement. He stated that MAFE would support it.

A brief discussion ensued about how the guidelines were established.

Aaron Rice, Michigan Great Lakes International, stated that he was part of the original workgroup. He asked that the 250 exhibitor requirement be reinstated, that the wording change presented be accepted, and that he did not think that a "grandfather clause" would be valuable.

Mr. Creagh commented that these guidelines should be reviewed on an annual basis.

MOTION: COMMISSIONER NORTON MOVED TO ACCEPT THE GUIDELINES FOR LIVESTOCK SHOW PREMIUMS AS PRESENTED. SECONDED BY COMMISSIONER DARLING. MOTION APPROVED UNANIMOUSLY.

RESOLUTIONS HONORING RODGER L. GRIFFITH, AND MICHAEL R. GARFIELD, AND RYAN PETERSON

MOTION: COMMISSIONER DARLING MOVED TO APPROVE THE COMMISSION RESOLUTIONS FOR RODGER L. GRIFFITH AND MICHAEL R. GARFIELD UPON THEIR RETIREMENT FROM STATE SERVICE AND FOR RYAN PETERSON AND HIS ACCOMPLISHMENTS AND APPOINTMENT TO THE NATIONAL FUTURE FARMERS OF AMERICA BOARD. SECONDED BY COMMISSIONER NORTON. MOTION CARRIED UNANIMOUSLY.

11:48 a.m. RECESS

12:55 p.m. RECONVENE

UPDATE ON THE RECENT GROWTH AND FUTURE POTENTIAL OF THE MICHIGAN WINE INDUSTRY: Linda Jones, Program Manager, Michigan Grape & Wine Industry Council (MGWIC)

Ms. Jones acknowledged Walter and Eileen Bry from Old Mission Peninsula and Ron Steiner from Oceana County. Mr. Bry is a member of the Agriculture Tourism Commission and winery owner and Mr. Steiner has been an advocate of developing wineries in Oceana County.

Ms. Jones commented that in November 2002 the MGWIC made a report to the Commission on the wine industry and was pleased to present a brief update on the wine industry.

She stated that the MGWIC is a program of MDA and is funded through liquor license fees from the Liquor Control Commission. The restricted

revenue totals \$450,000 per year. There are three full time employees that work on the program implementing projects that the Council determines to be most beneficial to the industry. The Council is comprised of 10 members. Director Irwin is the chair of the council, there are six governor appointees from the private sector, three additional agency representatives (Michigan Economic Development Corporation, Michigan Liquor Control Commission and Michigan State University) and meet approximately five times a year to guide the activities and develop the work plan for staff.

MSU conducted a study for the MGWIC in 2000-2002 on consumer trends. The results were included in the 2002 report, but are currently being updated. Ms. Jones distributed a packet of information with some preliminary updated information. She pointed out the increase in the number of wineries from 10 in 1980 to 42 in 2005. MGWIC counts a winery as one that uses predominately Michigan fruit. There are 90 winemaker licensees in the state. She reviewed the increase in wine grape acreage and indicated the potential for growth in that area.

The most significant statistic is that of sales growth. Michigan wine sales are significantly outpacing general wine sales in the marketplace. Over the last eight years, all wine sales in Michigan have increased 39 percent. Michigan wine sales have increased 10.5 percent over the same eight years, an increase from three to four percent. A local wine distributor reported (in a wine grape session at the Great Lakes Expo) that his Michigan wine sales are up 22 percent, year to date and his total wine sales are up six percent. Lou Gostinger, a distributor from the east side of the state and MGWIC member, reported very similar numbers at their November meeting.

The industry is growing and has tremendous potential. One of the obstacles to growth is that Michigan is not putting in enough new acreage fast enough. New sales are growing 10 percent a year and acreage is increasing five percent per year. Michigan wineries are being forced to buy fruit from other regions that is taking away economic impact for the state. The MGWIC is very focused on encouraging new investment in Michigan agriculture by new plantings and new vineyard development.

She reviewed a document with facts about the growth of the industry and value added benefit. In 2000, MSU estimated that the economic impact of the industry was \$75 million. The preliminary updated estimate is \$118 million. Staff will be working with MSU's Agriculture Economics Department to ensure that the figures are accurate. She reviewed the investment needed to start a new winery and have projected that the

industry could grow to eight times its current size. Adding the vineyard, tasting room and winery investments, it totals approximately \$125 million.

She commented on tourism and how the wine industry is a big part of the Michigan travel experience. She reviewed obstacles to growth the industry must address with strong collaborative strategies involving public and private sector interests.

In addition, she shared a Start-Up Guide developed by staff and a map showing wine grape vineyard potential.

There are now wineries in all 50 states. Everyone is seeking more state funding to support each state's industry. New York just completed an economic impact study and on the basis of their numbers, they are requesting an increase in their support from \$500,000 per year to \$3 million per year in the next budget cycle. Michigan today is where New York was 15-20 years ago.

Ms. Jones invited the Commissioners to the MGWIC Annual Meeting will be held March 1-3, 2006 at Crystal Mountain. This meeting is well attended by members of the industry and you can learn about the exciting, enthusiasm and growth potential in the industry. Questions about funding have been received from legislators and support is needed from all fronts. She stated that there is an important roll for the state to play. She has reviewed models of others states' funding and she thinks Michigan's model is a good one with long term vision.

Commissioner Jousma-Miller asked Ms. Jones to review the designation for potential wine grape vineyard potential in the Upper Peninsula.

Commissioner Darling asked if the wine industry was experiencing any impact for environmental regulations and are they running into local township regulations or ordinances that are prohibiting their growth or ability to grow. Ms. Jones stated that MDEQ has had some issues with some wineries in terms of permitting in the past couple of years. They have worked with MDEQ and Director Chester has come to the annual meeting to meet with the growers. Zoning issues have been obstacles in some areas and Ms. Jones is working with the Agriculture Tourism Commission to develop zoning models that will help to prevent restrictive zoning ordinances from precluding a positive winery development.

COMMISSIONER ISSUES:

Chairperson Byrum distributed copies of the brief the Sierra Club has filed against MDEQ. He also distributed copies of MDEQ's response brief.

There is also a Question and Answer document and a specific document related to Comprehensive Nutrient Management Plan requirements that MDEQ is indicating, from their perspective, must be included by a large livestock operator in the permit or associated with the permit. Also included is a responsiveness summary, a document issued in response to comments received at their public hearings from July through September 2005. There is also a copy of the General Permit dated November 18, 2005.

Chairperson Byrum stated that while the brief may be supportive of agriculture, there has not been time to review all the documents. The fact that the permit had been issued, did not surface until the day before. Even though discussion was ongoing, MDEQ maintains that the implementation document was what they were referring to when engaged in conversation as opposed to the content of the permit itself. MDEQ has indicated that there is still opportunity for interaction and clarification of what the permit does. How it will be implemented and opportunity for clarification will happen as the Question and Answer document is expanded. Chairperson Byrum stated that it is incumbent on all to be very informed before reacting to know what it says, what it does and what the processes are. He stated the Commission should be thoughtful but pragmatic about their reaction.

There is a guidance document on storage facilities available on MDEQ's website that mirrors MAEAP's storage certification criteria.

He apologized for the suddenness of the information, but it was not available until the evening before.

PUBLIC COMMENT

Tonia Ritter, Michigan Farm Bureau (MFB), commented the MFB is very concerned about the communication process on this permit. MFB is very dissatisfied with the permit but very, very dissatisfied with the communication and the process by which this was issued. MFB was operating in good faith and what they thought were negotiations as recently as the day before, when it was discovered the permit was already issued. They are very frustrated.

Scott Piggott, Michigan Farm Bureau, stated that the primary concern, in several aspects, is that the permit exceeds Federal guidelines and Michigan rules. These rules were developed last year with MDA, MDEQ and other stakeholders, commodity interests and the Sierra Club.

Responding to a question from Commissioner Darling about fees, Mr. Piggott stated that a baseline fee for NPDS permit, certificate of coverage under a general permit, is \$600. This would have the potential to impact farms that have not discharged. If a facility has not currently agreed to either completing MAEAP or going under the current NPDS permit, this permit would apply to them. The option to complete the MAEAP for a large livestock operation is still available to those farms that signed up prior to September 1, 2005.

It is difficult to begin discussion about a new NPDS permit when it was in 2002, the first general permit was created and gave the MAEAP option for a five-year timeframe. In 2004, a new NPDS was created for large livestock operations. After that, they began to offer individual NPDS permits for certain large livestock operations. During that time, new CAFO rules were developed to govern the state and future NPDS permits and now there is new NPDS permit that, in MFB's opinion, was not required to enforce state or federal law, and yet it is moving forward.

Beyond the communication gap, MFB is still vehemently opposed to the issuance of this permit. It is not necessary to fulfill the requirements of law. MFB was under the impression that the permit was still being discussed and believed that the permit could still be looked at and altered to meet some of MFB's concern. He also stated his frustration and that of MFB's leadership.

He commented MFB would continue to work with MDA and MDEQ.

In response to a question from Commissioner Darling about where MFB or the livestock industry should go, Mr. Piggott stated that at their recently completed annual meeting, policy was moved forward to reaffirm the transfer of authority from MDEQ to MDA for environmental protection in dealing with farms that are environmentally assured. Additionally, they see opportunities to review federal rules to see if they provide enough guidance to work with legislative partners to understand their concerns.

They wish to continue to have conversations with MDA as they move forward with standards. There was positive movement, but they are still very concerned about some actions by MDEQ.

Commissioner Byrum stated that it would take time to digest the information. He stated it points out the need to determine how to interact on other issues. Also need to determine the economic impact this particular decision will have on other livestock and dairy operations and where they choose to locate. He is concerned about the message it may

or may not send about how MDEQ seeks stakeholder input and involvement in these processes.

Commission Darling voiced concern about how this will affect smaller operations. People will be apprehensive about investing in the livestock industry in Michigan

In response to a question by Commissioner Darling, Chairperson Byrum commented that he did not believe anyone outside of MDEQ knew that the permit had been issued. It was first released when it was presented as part of the brief in response to the Sierra Club's lawsuit, dated December 5, 2005.

Director Irwin stated that he has a meeting scheduled on December 15 with Chairperson Byrum, MDEQ Director Steve Chester and MFB President Wayne Wood in an attempt to clear the air over this issue.

Mr. Piggott commented that another facet of policy that was passed by the MFB delegates was that they would look to MDA and the Commission of Agriculture for leadership, but would like to work with MDEQ toward an easy-to-read, farmer friendly booklet, of the environmental regulations that apply to farmers. They would also work with MDA for what is required to meet those regulations. He feels the industry deserves that certainty.

LEGISLATIVE REPORT: Liesl Clark, Legislative Liaison

Ms. Clark updated the Commissioners on the status of the wine bills that moved over the House and passed with only one no vote.

The water bills are moving well. It was a bi-partisan agreement with MFB's supportive testimony.

Ms. Clark briefly reviewed other bills before the House and Senate including right to process bills, farm equipment lighting, methane digesters, agriculture renaissance zones, and anhydrous ammonia.

There is a Rural Roundtable with MDEQ later in the week in Adrian.

Ms. Clark commented that she is working on developing legislative initiatives for 2006. She will bring more information to the Commission at the January meeting.

Director Irwin distributed a preliminary analysis of capital investment in Michigan Food and Agriculture. This will be fine-tuned and maps will be added to show the lawmakers where expenditures are being made and

where the agriculture renaissance zones have been put into effect. They will get a geographic balance and can see district by district what is happening.

COMMISSIONERS ISSUES (CONTINUED)

Commissioner Darling requested that in the future, a division director from each of the divisions come in once a year and update the Commissioners of what is going on in their divisions. He stated that this will be helpful, especially when reviewing budget cuts and how that is impacting personnel, how well we are doing in comparison to previous years, how many inspections or projects underway, etc. Since there are new Commissioners on board, he thinks it will be helpful and stated he learns something each time there is a presentation. Since they are making the trip and the effort, utilize them and fill their time. It increases their ability to help regulate or direct the department. He also would like to see presentations from some of the PA 232 commodity groups.

PUBLIC COMMENT:

Tonia Ritter, Michigan Farm Bureau, commented briefly about several issues. In general, MFB is supportive of the TB re-zoning proposal. They have some concerns that they will submit in written comments, generally about the preparation for the new zones and communication that will happen with farmers who will be impacted and necessary education.

She stated that the test and remove versus depopulation issue for TB eradication is a touchy subject when you are talking about taking away a farmer's livestock herd. The MFB delegate body did approve language that says "to expedite TB free status for Michigan, we strongly urge the MDA to discontinue the test and remove protocol for TB infected dairy and beef herds". That is in reference to future actions. They are very uncomfortable changing gears on those that have been allowed to do test and remove. MFB's suggestion to the TB Advisory Committee was for MDA to approach those herds, explain the situation and see if there was a way to work through it.

Ms. Ritter stated they MFB is generally supportive of the Operational Standards for Privately Owned Cervids and has worked right along with the industry in the development of the standards. She was pleased to hear Mr. Creagh say that the plan is to move along and put these standards into statute. MFB continues to express the request that this program be moved back under MDA as lead agency. Understanding that MDNR would still be involved, MDA would be the primary contact for producers.

ADJOURN

MOTION: COMMISSIONER NORTON MOVED TO ADJOURN THE MEETING. SECONDED BY COMMISSIONER JOUSMA-MILLER. MOTION CARRIED UNANIMOUSLY.

The meeting was adjourned at 1:47 p.m.

Attachments:

- A – *Agriculture Commission Meeting Minutes December 7, 2005*
- B – *Agricultural Preservation Fund Board Grant Recommendations memo dated November 21, 2005*
 - Letter of Support for Macomb County from Representative Daniel Acciavatti*
 - Letter of Support for Macomb County from Representative Jack Brandenburg*
 - Letter of Support for Macomb County from Senator Alan Sandborn*
- C – *Review of Operational Standards for Privately Owned Cervids*
- D – *Director's Report – December 2005*
 - Agriculture Policy Sessions Summary*
 - Preliminary Analysis of Capital Investment in Michigan Food and Agriculture*
 - The Michigan Agricultural Tourism Advisory Commission Brochure*
- E – *Proposed 2006 Commission Meeting Schedule*
- F – *Commission of Agriculture Policy Review*
- G – *Guidelines for Livestock Show Premiums*
- H – *Retirement Resolutions for Rodger L. Griffith and Michael R. Garfield*
 - Resolution for Ryan Peterson*
- I – *Legislative Status Report – December 2005*
- J – *Michigan Grape & Wine Industry Council Presentation documents*
- K – *Commissioners Issues*
 - Respondent's Brief, Mackinac Chapter of the Sierra Club v Michigan Department of Environmental Quality*
 - Michigan Department of Environmental Quality Concentrated Animal Feeding Operations Questions and Answers*
 - MDEQ Comprehensive Nutrient Management Plan (CNMP) Requirements-December 2, 2005*
 - Responsiveness Summary*
 - MDEQ National Pollutant Discharge Elimination System – Large Concentrated Animal Feeding Operations General Permit*