

**MICHIGAN COMMISSION OF AGRICULTURE**  
**Board Conference Room**  
**Carson City-Crystal Area Schools Central Office**  
**115 E. Main Street, Carson City, MI**

**MEETING MINUTES**  
**August 20, 2008**

**PRESENT:**

James Byrum, Chairperson  
Dale Norton, Secretary  
Don Coe, Commission of Agriculture  
Todd Regis, Commission of Agriculture  
Don Koivisto, Director, Michigan Department of Agriculture

**ABSENT:**

Ann Jousma-Miller, Vice Chairperson

**CALL TO ORDER AND ROLL CALL**

Chairperson Byrum called the meeting of the Commission of Agriculture to order at 9:00 a.m. on August 20, 2008. Commissioner Dale Norton called the roll with Commissioners Byrum, Coe, Norton, Regis, and Director Koivisto present; and Commissioner Jousma-Miller absent.

**APPROVAL OF AGENDA**

**MOTION: COMMISSIONER COE MOVED TO APPROVE THE MEETING AGENDA FOR AUGUST 20, 2008. SECONDED BY COMMISSIONER NORTON. MOTION CARRIED.**

**HARVEY'S MILLING COMPANY AND HARVEY'S AG SERVICES**

Chairperson Byrum introduced Mr. Mike McCrackin, of Harvey's Milling Company, who is hosting lunch and the initial portion of the tour to follow the meeting today; he expressed his appreciation for Mr. McCrackin's hospitality.

Mr. McCrackin mentioned the exceptional farming community in the area which has many very progressive farmers. Harvey's Milling services 10-12 counties through its two divisions, one is their feed division that includes farm services, a retail store, and a nursery-landscaping service. They also are an Archer Daniels Midland (ADM) dealer, being number one in the nation volume-wise, with nutritionists on staff to assist producers. Their other division, Harvey's Ag Services, is an agronomy facility which distributes seed, fertilizers, and pesticides to producers in the area. They also perform custom applications and precision agriculture soil application testing, utilizing a GPS system. Other projects to

assist the agriculture industry are on the horizon for Harvey's. Mr. McCrackin thanked the Commission for coming to Carson City today and offered to be of assistance whenever the need arises.

In response to question by Commissioner Coe, Mr. McCrackin advised he feels the most significant challenges facing the industry are energy costs, current high input costs, and the ability to manage issues with State regulatory agencies.

Chairperson Byrum reported the Commission tour that follows the meeting today will include visits with Harvey's Ag Services, John Weller's Double Eagle Dairy, and Michigan Agricultural Commodities in Middleton.

He also recognized Mr. Bob Swanson, Superintendent of the Carson City-Crystal Area Schools, and thanked him for hosting the Commission meeting today.

### **APPROVAL OF JULY 17, 2008, MEETING MINUTES**

Two minor changes were noted for the July 17, 2008, meeting minutes: page 2, under Commissioner Norton's comments, after harvesting wheat, the producer is now planting green beans; and page 19, under Wilcox Engineering, the statement in the third paragraph was made by Mr. Kirk.

**MOTION: COMMISSIONER COE MOVED TO APPROVE THE JULY 17, 2008, MEETING MINUTES. SECONDED BY COMMISSIONER NORTON. MOTION CARRIED.**

### **NEXT SCHEDULED MEETING**

The next scheduled Commission meetings will be held on September 16, 2008, at the Dearth Community Center in Coldwater, Michigan; November 12, 2008, in Constitution Hall; and December 9, 2008, at a yet to be determined location.

### **COMMISSIONERS' TRAVEL**

Commissioner Norton attended the Bovine Tuberculosis (TB) Conference in Lansing recently. On August 19, Commissioner Coe attended the Generally Accepted Agriculture Management Practices (GAAMPs) public hearing in Lansing.

There was no other travel submitted for approval.

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

## **COMMISSION COMMENTS:**

**Commissioner Regis** reported he visited the Ingham County Fair and appreciated the opportunity to speak with the fair director and many fair attendees. The restrictions placed on pigs seemed to be accepted well by exhibitors and he complimented the department on their coordination and communication of the situation.

He also attended the recent Grape and Wine Awards, noting it was an outstanding event, and that once again, the Michigan industry produced some very high quality products.

**Commissioner Norton**, having attended the Branch County Fair and the Fair Board luncheon, reported the fair was very well attended and the animal auctions were well supported.

Steve Smith, from Red Gold, Inc., recently investigated the infested tomatoes in their region, noting it appears to be a bacterial canker. They estimate a 5-10% yield loss due to this blight. Quality and quantity of their first crop of tomatoes have been very good.

Green beans also appear to be very good, as well as the wheat harvest. Potato harvest has begun, with potatoes being in short supply this year. Dry conditions in the area will affect yields of soybeans and may affect corn yields as well.

**Commissioner Coe** reported the tremendous tourist business in the area continues. The Grand Traverse Conservation District held a grand opening of their wonderful new facility on August 14; and he thanked Gordon Wenk, who also attended, for his support of the conservation districts across the state.

**Chairperson Byrum** reiterated Commissioner Norton's comments relative to the dry conditions in the state south of St. John's and the concerns relative to yields.

Based on the current situation with Russia, concerns for next year include availability of nitrogen products, because the U.S. imports 50% of its nitrogen products, of which Russia is a large supplier. Also, we import about 90% of our potash fertilizer and the large Canadian potash producer is on strike, which could continue to affect supplies and prices. Another issue, especially in the thumb, is the quality of the white wheat harvested and the resulting reduced price. White wheat acreage will no doubt be down next year.

In the next three months, three major trade teams will be visiting Michigan, exploring dry beans in particular. We also have three upcoming major trade missions outside of the U.S. that will investigate new market opportunities.

## **DIRECTOR'S REPORT**

Director Koivisto reported Black Star Farms won awards in two categories at the Grape and Wine competition. The Department is appreciative of all those who supported the event and this growing industry in Michigan.

He recognized Jim Johnson, newly appointed Division Director for the Environmental Stewardship Division, and Nancy Nyquist who was recently selected as Legislative Liaison for the department. The Commission congratulated each on their accomplishment.

The Legislature is currently on summer break. Ms. Nyquist reported several bills were recently introduced, including two bills related to feral swine, a bill to place the Select Michigan Program into statute, and the Farm to School Procurement Act.

Director Kovisto reported a tour of game ranch operations is being planned for later this month and will include visits to various facilities.

The U.P. State Fair was very successful this year and the Governor's Reception was well received. Ms. Jeanne Lipe coordinated a Select Michigan booth at the fair which drew considerable attention, including the Governor's. Also in the U.P., the Michigan State University (MSU) Chatham Experiment Station held a public field day that was very well attended, including several presentations and plot tours.

Yesterday, a very positive presentation for the Governor and Cabinet members was given, updating them on the Michigan Food Policy Council initiatives.

Graceland Fruit, Inc., met recently with the Michigan Department of Agriculture (MDA) and the Michigan Department of Environmental Quality (MDEQ) to address several concerns, primarily the Biochemical Oxygen Demand (BOD) issue. A solution appears to be imminent, which would then affect the entire BOD issue for all producers in the state.

A grain dealer license fee increase of 5% will be implemented January 1, 2009, in accordance with Section 8, Paragraph 4 of the Grain Dealers Act. A recent Attorney General opinion clarified that grain dealer fee increase authority rests with the Director of MDA. This is the first request for a license fee increase since April 2003. Communication to grain dealers will begin in September.

Along with staff members, he recently participated in several tours, including Yoplait, Honee Bear Canning, and Welch's. Most are in expansion mode and business is looking very positive. General dialogue is exchanged during these

tours, including solicitation of concerns or issues with which the State could assist the companies.

Legislative action is pending on the \$415,000 supplemental for pseudorabies related to the recent depopulation and indemnification of four game ranches. A delay in this action resulted in a lawsuit being filed against MDA for timely payment related to depopulation efforts. Legislative action is also pending on an \$11.6 million supplemental request for Bovine TB and the equine racing programs. This would adjust the budget to the original recommendation in the Governor's budget; some of the funds will be restored, but there will be no increase in the equine fund.

### **DIRECTOR'S TRAVEL**

Director Koivisto had no new out-of-state travel to submit.

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

There was no public comment relative to agenda items.

### **GENE THOMPSON/MDA SCHOLARSHIP AWARD**

Director Koivisto announced John Hill, Jr., the son of John Hill, Supervisor in the Traverse City Regional Office, was awarded this year's Gene Thompson/MDA Scholarship Award. The Director and the Commission congratulated him on having received this honored award. Gene Thompson was a 30-year employee of MDA who sadly lost his fight with cancer in 1996. The following year, the Gene Thompson memorial golf outing was first held and its funds established a scholarship in Gene's name, to be awarded to a student who is an MDA employee or who is a child of an MDA employee. Mr. Hill reported he plans to attend Michigan State University and major in chemical engineering.

### **PSEUDORABIES (PRV) AND GAME RANCH UPDATE: Dr. Nancy Frank, Assistant State Veterinarian**

Dr. Frank reported on the current status of the Pseudorabies (PRV) issue. All trace investigations and testing in the circle areas around PRV positive facilities is complete, with no additional PRV positive facilities being found. Of the 36 game ranches with known swine for hunting, nine have completed testing, four are awaiting testing, and three breeding facilities have been tested; all have been negative. In response to question by Commissioner Regis, Dr. Frank reported some of the remaining 23 facilities have decided to simply depopulate and others are choosing to remain under quarantine and continue business under quarantine conditions. There are 20 who have not yet responded and those facilities will be visited in the near future.

Depopulation efforts continue; however, it is proving difficult in some facilities that have considerable tree and brush cover in which the animals can hide. The

border remains closed to the importation of swine. Total expenses to date are \$418,000, with a total of 3200 staff hours for the thirteen weeks of activity.

Two House Bills have been introduced: No. 6338 would allow the shooting of swine running at large; and No. 6339 would ban swine hunting/shooting behind fences and prohibit owning or producing swine for shooting.

In response to inquiry by Chairperson Byrum, Dr. Frank reported at one facility that has both swine and cervids, a consent order is providing for the depopulation of all animals on that facility and the Department of Natural Resources (DNR) is proceeding with their enforcement case. If the case proceeds to trial, MDA would request reimbursement for their associated costs.

Commissioner Coe inquired relative to identification of the game ranches that have not registered with the department. Dr. Frank reported they are required to register with DNR if they have cervids. There may be others of which we are not yet aware that are classified as farms in general and not required to be registered or licensed, other than cattle operations that require TB testing with premise identification. She advised they will continue to work with MSU Extension, as well as research the communication stream for information that could identify facilities. Chairperson Byrum noted Michigan United Conservation Clubs could also be contacted for any information they may be able to offer.

Mr. Sam Hines, Executive Vice President of Michigan Pork Producers, reported that through their database, he has been working with the department to encourage more premise registration. Also, since Country of Origin labeling is slated to take place soon, the Association is receiving calls from producers asking for their Premise Identification Number, because processors are now requesting that information.

Chairperson Byrum noted it appears the majority of the game ranch industry is not responding, and this is not acceptable. Director Koivisto offered a report will be presented at the next Commission meeting relative to the department's plans to increase efforts in the identification and regulation aspects of the game ranch situation. Deputy Director Wenk noted the regulatory vacuum that currently exists is the biggest issue we are facing.

Commissioner Coe reported the issue of unregulated hunting exists in various states and there is an underground group moving animals freely between states which represents a special enforcement problem. This emphasizes the need to communicate to the Legislature that regulation is needed soon. He noted the importance of developing an incentive-based regulatory enforcement system, as well as punishment, to create a program more readily acceptable by the industry.

## **ANIMAL HEALTH LIVESTOCK ISSUES REPORT: Dr. Nancy Frank, Assistant State Veterinarian**

Pursuant to a request by the Commission at their last meeting, Dr. Frank provided a report relative to potential animal health livestock issues which could surface and the appropriate follow-up action. She noted the difficulty around livestock diseases is that they come and go and are always changing; early detection is paramount. Three primary influences in the change are: 1) the infectious agent; 2) the animal that contracts or carries the disease; and 3) the environment in which they live, either physical or social – any one of these can contribute and examples from the past were reviewed. Some of the new issues being watched include Johnes Disease, Anaplasmosis, and Piroplasmosis.

Being prepared as much as possible includes working by: 1) having strong partnerships with animal industries and organizations, public health, and academia; 2) having laws and regulations that work for multiple disease issues; and 3) having adequate human and information technology (IT) resources to track what is going on and to allow for timely response.

The Animal Industry Division (AID) has been working on a proposal with the Pesticide and Plant Pest Management Division (PPPM) that would provide the department with capacity to rapidly respond and manage major disease issues, both animal and plant. She noted that Mr. Rausher and she will review details of that proposal during his presentation today. Support is needed for specific legislation when issues emerge, for example, as with the current swine issue.

Commissioner Norton reported he has invited Dr. Paul Sundberg, Vice President of Science and Technology for the National Pork Board, to speak at the next Commission meeting. Dr. Sundberg will share how they are forward-looking at emerging issues and risks.

Commissioner Coe noted the systematic defunding of the control and inspection throughout the food chain is evident at both the Federal and State level across the nation and we need to communicate that message to the Legislature – to establish reserve funds to deal with emergency issues in the agriculture industry to help protect that industry in our state.

Director Koivisto met recently with Congressman Stupak who advised of a plan whereby more Federal dollars could funnel into local inspection programs. He will be attempting to advance those issues.

Chairperson Byrum requested the department develop a forward-looking proposal on resources needed for rapid response and consumer protection to include food safety, animal health issues, plant pests, weights and measures (item pricing protection, etc.), and all issues that potentially surface in this regard

– a document that delineates all of the resources needed to address these issues in the future and to proactively present this report to the Legislature. It should include not only fees, but also General Fund/General Purpose dollars to support some of those major initiatives. Commissioner Regis noted current resources are very limited and whatever we can do to continue to protect the State of Michigan and its consumers is an obligation of the department and needs to become priority, including specific examples of the need and why the need exists. Commissioner Byrum requested the report also include the need for staff replacement and future personnel needs, improved technology, re-engineering, public outreach – a full and comprehensive package to be presented to the Commission as soon as possible before the proposed budget.

Director Koivisto confirmed the department will develop and communicate the type of package requested; in fact, MDA has already been discussing these very issues, confirming the department needs to be more aggressive in obtaining additional funding for its various efforts, including resources for rapid response and emergency funding. Staffing levels have been reduced over the last few budget cycles and efforts to restore personnel will be included as well. He noted at least a concept of the report could be presented by the next Commission meeting.

**PLANT HEALTH ISSUES REPORT AND EMERALD ASH BORER (EAB) UPDATE:**  
**Ken Rauscher, Director, Pesticide and Plant Pest Management Division and Mike Philip, Department Entomologist**

Mr. Rauscher provided an update on the EAB program, summarizing that 23 counties in Southwest Michigan are generally infested; the balance of the Lower Peninsula contains isolated infestations throughout; and the Upper Peninsula (U.P.) has been a different picture. In the U.P., significant trapping has been conducted for three years. This past fall, two isolated infestations were reported, one at Moran and one at St. Ignace, and those served as initial sites for a pilot project with the U.S. Department of Agriculture (USDA) to conduct mitigation strategies, including intensive trapping and baiting. This program, named the SLOW Ash Mortality (SLAM) effort is an integrated multi-year, multi-agency strategy designed to suppress EAB population growth and delay the onset and progression of widespread ash mortality. About two weeks ago, a possible EAB infestation in Houghton County was reported, which appears to be an isolated site. Delimiting work will begin in the area next week. It is anticipated that we will continue to see this type of isolated infestation throughout the Midwest. The goal relative to EAB is to survey, and when found, attempt to confine to as small an area as possible.

The EAB program is in the second year of bio-control efforts. Three different parasitic wasps were released and at least two of those have established themselves. Also, a native wasp has been identified and will be part of the

rearing program at USDA's bio-control facility to be established in Brighton next spring.

Mr. Philip presented an overview of survey efforts and accomplishments, including early, proactive measures that can prevent another EAB type situation. He reviewed Michigan's unique situation in terms of risk, e.g., a huge green industry, diverse agriculture, manufacturing economy, and active shipping ports. He explained woodborer-specific pathways and Solid Wood Packaging Material (SWPM) and how the department uses its data to deploy traps in a risk-based fashion. He detailed how MDA's effective, high-quality diagnostics program works, particularly when the pests are small and very similar in structure. He summarized some of the successes of the program, whereby pests were discovered early, plants/trees surrounding were treated, and subsequent surveys have proven negative. In response to question by Commissioner Norton, Mr. Philip confirmed a great deal of computer modeling technology is applied in the program.

**RAPID RESPONSE SYSTEM: Ken Rauscher, Director, Pesticide and Plant Pest Management Division and Dr. Nancy Frank, Assistant State Veterinarian**

In their last meeting, the Commission asked the department to develop a rapid response approach to help safeguard Michigan's agriculture industry.

Mr. Rauscher reviewed the various components of a plant pest rapid response approach: 1) increase inspection efforts at high risk areas; 2) increase education and awareness of exotic species; 3) enhance coordination with counterparts at the boarder, participating in boarder blitzes, regional airport inspections, and inspection of off-shore vessels; 4) establish an eradication/management fund to allow for a rapid response to pest infestations/infections; 5) establish an indemnification fund administered by MDA to allow for a rapid destruction of infested commodities, crops, or plant resources and encourage early identification of pest problems by producers; and 6) develop a quick response incident management team equipped and trained to respond rapidly to all animal and plant emergencies.

Dr. Frank then reviewed the enhancements for an effective safeguard approach to animal disease response – staff and resources to allow for: 1) on-farm verification of herd health status for diseases; 2) promotion of premises registration and animal identification for non-bovine animals; 3) adequate resources for laboratory testing; 4) enhancement of field force to provide adequate number of cross-trained staff to respond to disease reports; 5) development of a quick response incident management team equipped and trained to respond rapidly to all animal and plant emergencies and establish initial response operations; 6) establish a department disease response fund to allow for rapid response to large, new, or unusual disease outbreaks; and 7)

establish a department indemnification fund to allow rapid response payment to livestock owners when the department orders destruction of livestock for disease control or eradication.

Mr. Rauscher estimated anywhere from \$2 to \$5 million would be required to establish this type of comprehensive animal/plant rapid response program. He suggested potential sources of funds could include Legislative appropriations, user fees, producer fees, importer fees, USDA, and the Farm Bill. Commissioner Coe added that insurance may be an additional funding mechanism to consider and Mr. Rauscher reported USDA has been investigating that potential and it may be something the State could pursue as well.

Chairperson Byrum added that food safety requirements also need to be considered in any rapid response program and this flows very well in the direction of the comprehensive package requested by the Commission earlier today. This could be considered a pilot program in cooperation with the Department of Health Services, USDA, and various other groups. This is a major initiative we can embrace and move forward as a department in a proactive manner.

**AGRICULTURE LABOR HOUSING FINANCED UNDER SECTION 514 OF THE FEDERAL LOAN PROGRAM: Rob Anderson and Craig Anderson, Michigan Farm Bureau**

Mr. Rob Anderson provided background on the USDA Rural Development "Section 514" Farm Labor Housing Loan for non-permanent resident aliens and legal temporary agricultural workers. These loans are available for producers for construction or refurbishment of farm labor housing. Under the tenancy requirements for 514 housing, certain workers are not eligible to occupy 514 housing. The USDA has taken the position that the definition prohibits the use of 514 housing for H2A guest workers. The regulations state that ineligible tenants may occupy housing owned by farm borrowers with permission of the agency. To this point, that procedure has been challenging to uncover. Until we either have a determination for a procedure that we can pursue to determine if we can obtain an exception for ineligible workers to occupy 514 housing, or determine there is some regulation that exists that would totally preclude this, the challenge will continue.

Mr. Craig Anderson provided a more technical explanation of the situation and reviewed actual examples of issues that have occurred surrounding this situation. He noted that on-farm housing for seasonal and full-time agricultural workers has been a critical part of Michigan agriculture for decades. Michigan farmers have been a significant user of the USDA Rural Development On-Farm 1% Loan Program. Borrowers under this program are having an increasingly difficult time determining their responsibilities under the law and their individual loan

agreements. Also, producers are fearful of unintentional violations of these rules due to Immigration and Customs Enforcement actions, social security no-match notice, or improperly seeking information regarding a potential occupant's status.

The Michigan Farm Bureau requests the assistance of MDA to clarify the procedures where a producer may request ineligible occupant be granted occupancy under the relevant sections of the Asset Management Handbook and help with USDA Rural Development to allow temporary housing for otherwise ineligible workers in Section 514 housing.

### **MICHIGAN FARM PRODUCE INSURANCE FUND UPDATE: Jeff Haarer, Producer Security Services Section Manager, Fairs, Exhibitions, and Racing Division**

The Michigan Farm Produce Insurance Fund was created by P.A. 198 of 2003 to protect producers in the event of a farm produce dealer's financial failure. Michigan's fund is currently a model for other states and countries, being one of only 14 such indemnity funds. Currently, the fund stands at \$6.2 million. There have been three failures since the fund was effective and the program has proven to be a good avenue for providing funds to the affected producers, allowing them to continue their growing operations.

The fund maintains a good partnership with the various agri-business groups across the state, such as Harvey's Milling Company and Michigan Agriculture Commodities, which we will be visiting today.

### **COMMISSIONER ISSUES**

Commissioner Norton reminded the Commission that the September 16 meeting will be held in Coldwater. He has invited several guest speakers and arrangements are being coordinated for three tour stops, which will include an expanding dairy farm, a hog operation, and a tomato producer.

Commissioner Regis noted on September 24, the Michigan Children's Trust Fund will host their annual charitable auction. He challenged Director Koivisto, who has attended this auction in previous years, to create an interesting manner of representing the overall agriculture industry; Jeanne Lipe and Linda Jones are currently working on this. He appreciates the department's assistance in this worthy effort.

Chairperson Byrum asked if MDA monitors food expiration dates. Director Koivisto reported food expiration dates are monitored through routine food inspections conducted by the Food and Dairy Division and complaints are investigated when received. Chairperson Byrum suggested a portion of the fines levied for violations might be returned to the department.

## **PUBLIC COMMENT**

### **E.J. Brown, from the Michigan Association of Fairs and Exhibitions**

Mr. Brown provided an update on the fair industry in Michigan, noting they have had 65 fairs to date, 10 are scheduled this week, and the remaining 22 will conclude with Hillsdale the end of September. They also have had 25 racing harness fairs this season. With the help of the department, they were able to successfully work around the pseudorabies issues; however, it has negatively affected the petting zoos and the birthing exhibitions. The Michigan State Fair begins Friday, August 22. Commissioner Regis and Director Koivisto will participate in the Youth Livestock auction event on August 27.

### **Dr. Larry Olson, Michigan State University Extension**

Dr. Olson reiterated the great relationship they have had with the department for several years. He offered if they can help relay information throughout their county system, they will be glad to assist.

## **ADJOURN**

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

The meeting was adjourned at 11:40 a.m.

### Attachments:

- A) *Agenda*
- B) *Agriculture Commission Meeting Minutes July 17, 2008*
- C) *Director's Report*
  - *Legislative Status – August 2008*
  - *Grain Dealer License Fee Report*
- D) *EAB Pilot Project Report*
- E) *Agriculture Labor Housing Financed Under the Section 514 Federal Loan Program Report*
- F) *Michigan Farm Produce Insurance Program Brochure*