

# **MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT**

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

## **MEETING MINUTES JULY 16, 2013**

### **PRESENT:**

Bob Kennedy, Chairperson, Michigan Commission of Agriculture and Rural Development  
Diane Hanson, Vice Chairperson, Michigan Commission of Agriculture and Rural Development  
Don Coe, Michigan Commission of Agriculture and Rural Development  
Fred Walcott, Michigan Commission of Agriculture and Rural Development  
Jamie Clover Adams, Director, Michigan Department of Agriculture and Rural Development  
Gordon Wenk, Chief Deputy Director, Michigan Department of Agriculture and Rural Development

### **ABSENT (EXCUSED):**

Trever Meachum, Secretary, Michigan Commission of Agriculture and Rural Development

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

Chairperson Kennedy called the meeting of the Commission of Agriculture and Rural Development to order at 9:02 a.m. on July 16, 2013. Commissioner Hanson called the roll with Commissioners Coe, Hanson, Kennedy, and Walcott, and Chief Deputy Director Wenk present. Director Clover Adams joined the meeting at 9:15 a.m.

### **APPROVAL OF AGENDA**

**MOTION: COMMISSIONER WALCOTT MOVED TO APPROVE THE MEETING AGENDA FOR JULY 13, 2013. SECONDED BY COMMISSIONER COE. MOTION CARRIED.**

### **APPROVAL OF JUNE 12, 2013, MEETING MINUTES**

**MOTION: COMMISSIONER COE MOVED TO APPROVE THE JUNE 12, 2013, MEETING MINUTES. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.**

### **NEXT SCHEDULED MEETING**

The next scheduled meeting will be held on August 14, 2013, at the Bay de Noc Community College Joseph Heirman University Center in Escanaba.

### **COMMISSIONER COMMENTS AND TRAVEL**

**Commissioner Coe** attended Foodshed Alliance meetings on June 14 and 27 for the Grand Traverse area; that group is working very closely with the Michigan Council of Governments on food group efforts. As a board member, on June 7 and July 15, he attended Michigan Equine Foundation meetings, along with Dr. Halstead of the department,

to address abandoned horse issues. On June 21, he joined the White House Immigration Reform conference call. Along with a group from Michigan State University (MSU), a French delegation looking at agricultural tourism and certificates of origin on food products, toured his farm on June 23. On June 26 and July 8, he participated in additional food network meetings that link to the Foodshed Alliance efforts and the economic development agencies in the northwest Michigan region. The annual International Cherry Festival was held June 29 through July 5, which was a great success. The Horse Shows by the Bay will be held in the Traverse City area July 1-29, which is now the sixth largest horse show worldwide. The amazing event requires 1,200 temporary horse stalls and at any one time, 900-1,000 horses on property, each with four-five people accompanying the horses. It exemplifies the impact of agri-tourism in Michigan.

The sweet cherry crop is looking excellent this year and most have been harvested. The tart cherry harvest will begin in the next week or two. It appears the cherry industry has an opportunity to recover its markets lost last year.

**Commissioner Hanson** advised the Upper Peninsula (UP) received a very welcome two inches of rain recently, which helped to relieve the dry conditions. Corn and grain crops are doing very well and dairy farmers have completed most of their first crop of hay.

On June 18, she participated in the open house for the headquarters of Agro-Culture Liquid Fertilizers in St. Johns, which is a very impressive facility. That evening, she joined the event honoring Ben Kudwa, who retired from the position as Executive Director of the Michigan Potato Industry Commission. On July 6, the Menominee County Breakfast on the Farm was held at Johnsons Farm, LLC, was sponsored by Menominee County Farm Bureau, and was enjoyed by the over 2,000 people in attendance.

During a recent conversation with Michigan Department of Agriculture and Rural Development (MDARD) veterinarian, Dr. Mike Brunner, she learned that he will be retiring in April. She encouraged MDARD to ensure there is a veterinarian to replace that critical position in the UP.

**Commissioner Walcott** participated in the June 22 conference call regarding bovine Tuberculosis issues, and Dr. Averill is on the agenda today to provide an update. On July 13, 2,300 people attended the Breakfast on the Farm held on the Walt Dairy Farm in Coopersville, at which there was a large contingency of non-farm related people. Booths at that phenomenal event were sponsored by the Corn Marketing Program of Michigan, the Michigan Soy Bean Committee, the Michigan Pork Producers Association, and the Michigan Agriculture Council.

**Commissioner Kennedy** advised the wheat harvest is in full swing throughout the state and results are mixed, with some winter kill and Fusarium scab affecting quality and yields; however, overall, an average crop is expected. The corn crop in central Michigan is looking fantastic and areas that had been too wet are beginning to recover. It should be a very strong year for crop yields in the state.

He joined the Ag Expo breakfast this morning and again, as always, the Governor was extremely positive on agriculture. That message is something the Commission and the department can continue to promote throughout the state.

In addition to travel previously mentioned, Commissioners Coe, Hanson, Kennedy, and Walcott traveled to attend today's meeting. There was no other travel submitted for approval.

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

### **DIRECTOR'S REPORT**

Chief Deputy Director Wenk advised that Director Clover Adams is currently walking with the Governor on the Ag Expo grounds.

The Chief Deputy Director introduced the department's new Toxicologist, Dr. Kay Fritz, who joined MDARD six months ago, noting the department is very pleased to have her as a part of its team. Dr. Fritz advised she enjoyed a wonderful childhood being raised on a farm outside Marion, Ohio, where her father raised corn, soybeans, wheat, sheep, and dairy and beef cattle, and her mother raised chickens. She has a great perspective toward farming and agriculture.

Also introduced were two student lawyers working with MDARD for the summer, Chantal Crawley and Sean Hammond; the department is very glad to have them. Mr. Hammond advised he just finished his first year at the MSU College of Law and has been working primarily with the Pesticide and Plant Pest Management Division researching various laws and regulations in that area to provide for potential future revisions. He is also completing research for Brad Deacon and anyone else who has a legal question. Ms. Crawley advised she just completed her second year at MSU and has been working on the enforceability of verbal quarantines and the potential enforceability of a possible agri-tourism statute. Chief Deputy Director Wenk advised the department is striving to bring students in various specialty areas to work in the field of agriculture to help increase young peoples' interest in the industry.

Director Clover Adams joined the meeting at 9:15 a.m. She mentioned the Governor hosted an Agriculture Summit in 2011 to identify industry goals, and another summit will be held in late February or early March next year to kickoff agriculture month. Potentially, the focus of that session will be on supply chain and logistics.

She attended the recent Midwest Association of State Departments of Agriculture (MASDA) conference in Medora, North Dakota. That state has a varied agriculture base and participants visited a 5,000-acre farm that is entirely run by the owner and his three young sons. North Dakota faces the same power issues as Michigan with train transportation; however, they are competing with oil producers. That state is exploding economically, with only three percent unemployment, which is actually causing cultural problems.

The Lieutenant Governor is leading a Symbol of Excellence Program to recognize staff for their outstanding work. A coin has been formulated to recognize staff in a very real way when they provide outstanding service. The department received only 24 of the coins and she has inquired if we might purchase additional coins, because that allotment is clearly not enough. The department is developing a notecard imprinted with the symbol that divisions can utilize immediately when observing outstanding service. This program is an excellent way to recognize what staff is accomplishing.

### **DIRECTOR'S TRAVEL**

Director Clover Adams has no new out-of-state travel planned in the near future.

### **GENE THOMPSON SCHOLARSHIP AWARDS: Jeff Haarer, Producer Security and Agriculture Products Manager, Pesticide and Plant Pest Management Division**

Mr. Haarer reported that several years ago, Gene Thompson, a department supervisor and strong supporter of the annual MDARD employee golf outing, passed away and the annual golf outing and scholarship program was subsequently named in his honor. Thanks to the generosity of Dr. Gordon Guyer and the event participants, the fund has awarded 17 scholarships since 2007, for a total of \$8,500.

This year, the program was expanded to the other Quality of Life (QOL) agencies and both the Department of Environmental Quality (MDEQ) and the Department of Natural Resources (MDNR) are offering two scholarships each this year. Among the three departments, there were over 50 applicants, which depict the very positive attributes present among children of the various staff members.

The department's scholarships are awarded to a student who is an employee of MDARD or a child of an MDARD employee seeking a Masters, Bachelors, Associates Degree, or Certificate. All of the 2013 winners demonstrated a good academic record, strong commitment to community and civic involvement, leadership roles in school, plus an understanding of the importance of fun and enjoyment in the things they do and of the people they know.

The 2013 Gene Thompson \$500 scholarships winners present were introduced and included: 1) Gregg Davis, from Leslie, who will be attending MSU to study marketing; Greg's mother, Gina Alessandri, is the Director of the Pesticide and Plant Pest Management Division; 2) Russell Lipe, from Bath, who will be attending Lansing Community College to study Pre-Veterinarian Medicine; Russell's mother, Jeanne Hausler, works for the Food and Dairy Division; and 3) Erin Wenk, from Williamston, who will be attending MSU Lyman Briggs College to study science; Erin's father, Gordon, is the Chief Deputy Director for MDARD. Other winners this year are: 1) Kyle Helwig, from Lake Leelanau, who will be attending Grand Valley State University to study social work; Lyle's mother Loretta, works for the Motor Fuel Quality Lab; and 2) Joshua Kelpinski, from Owosso, who will be attending Kettering University to study computer science; Joshua's father, Joe, works for the Environmental Stewardship Division.

To assist in raising funds for future scholarships, the first annual Quality of Life (QOL) Scholarship Golf Outing honoring Gene Thompson (formerly the Gene Thompson scholarship golf outing) will be held on September 20, 2013. The outing will be held this

year at the Eldorado Golf Course in Mason. The committee will gladly find a team for individual golfers wishing to participate and accept prize donations from those unable to attend this great cause. Based upon past outings and new golfers from QOL, this event promises to be a good time.

Mr. Haarer also mentioned the Michigan Youth Livestock Scholarship Fund (MYLSF), which is a nonprofit 501(c) (3) corporation, whose purpose is to grant scholarships and educational awards to youth who exhibit livestock or farm products at state, regional, or county fairs in Michigan. In MYLSF's 13 years of existence, it has granted over \$342,000 in scholarships and educational awards to approximately 750 youth livestock exhibitors in Michigan.

The Commission congratulated each of the scholarship winners and wished them well in their future endeavors.

### **RECESS AND RECONVENE**

Chairperson Kennedy recessed the meeting at 9:23 a.m. to allow for a photo session with the scholarship winners. He reconvened the meeting at 9:32 a.m.

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

There was no public comment relative to agenda items.

### **BUDGET UPDATE: Maria Tyszkiewicz, Budget Officer**

Ms. Tyszkiewicz reported the 2013 Supplemental Budget has been enacted and included \$500,000 in supplemental funding for the Bovine Tuberculosis (TB) Program and \$500,000 for the Pesticide and Plant Pest Management Division (PPPMD).

The 2014 Fiscal Year Budget has also been enacted without vetoes for MDARD. It includes funding the Food and Agriculture Strategic Growth Initiative at \$1 million; an additional \$1.7 million for the Qualified Forest Affidavit Program; \$1.5 million in additional funding for PPPMD; \$300,000 one-time funding for the Ottawa County Water Resource Study; and \$150,000 for the Office of Agriculture Development.

Work is beginning on the 2015 budget and a list of priorities is being developed for program areas and various technology needs. The major issues being considered include stabilizing funding for several program areas, Food and Dairy Division (FDD) inspection needs, an inspection information technology upgrade, and mobile worker needs.

In response to inquiry from Commissioner Coe, Director Clover Adams advised the reorganization of Constitution Hall has been in progress since last year. MDARD staff are currently operating from swing space, and once moved into their final space in September, the entire department will be on the sixth floor. Funding for the project was appropriated by the Department of Technology, Management and Budget. Once the entire project is complete, all QOL departments will be housed in Constitution Hall, doubling the number of people in the building. Operationally-wise, it will be beneficial. Various upgrades are being included, such as wireless capabilities and collaborative meeting spaces.

In response to question from Commissioner Walcott, Ms. Tyszkiewicz advised the funding for Ottawa County is to address water salinity issues and they will be working collaboratively with MSU to complete a study that will subsequently be made available to various state agencies and potentially assist with similar problems imminent in other areas of the state.

**GRAND TRAVERSE PIE COMPANY UPDATE: Mike Busley, Co-Founder, Grand Traverse Pie Company**

Mr. Busley noted he was pleased to hear the Governor this morning state that his priorities include agriculture, travel, and manufacturing. He serves on the Michigan Travel Commission and advised over the last year, they have been working on an update of the Michigan Tourism Industry Strategic Plan. The plan was released at the Governor's Conference on Tourism in April and identifies eight objectives, with the overarching goal of being one of America's favorite four-season destinations. The key objectives include product development, research, collaboration, funding, marketing, and legislative services. Subcommittees were established to help fulfill the objectives over the next five years. Michigan represents an authentic tourist destination, agri-tourism is at the pinnacle of that, and it is exciting to be participating on a team working toward objectives to ensure that future.

He feels honored and fortunate to be included in Michigan's agri-tourism business and feels pie serves as a mechanism to make connections to create a purpose beyond the pie. He founded Grand Traverse Pie Company in 1996 with his wife in downtown Traverse City. They were Michigan natives who in the mid-1990s were working and living in San Diego and realized their jobs provided incomes, but not a passion. A visit to the Julian Pie Company in Julian, California, started them dreaming of a pie business of their own. He approached Julian Pie with a business plan and asked the owner to teach them everything she knew – and she agreed. Over the course of several weeks, she trained them in every task in her shop. They quit their jobs, packed up their family, and risked everything they had to open their own pie company in Traverse City – an opportunity to create a passion in a growth market, and to reconnect with family, community, and Michigan. Their vision was to spread their love for pie throughout everything they make and do – calling it “*Warming Hearts and Community through Pie.*”

Taking their vision to reality involved several key steps, including growing a passion, making a plan, testing the assumptions, assembling the team, choosing the site, hiring and training staff, promoting and opening the shop, and evaluating performance. They fortunately were able to find the help needed to progress through those steps and that vision has grown to 14 Grand Traverse Pie shops across Michigan and Indiana. They are committed to using Michigan products and suppliers whenever possible, and strive to be a “connecting point” in each of their communities – forming a team and solidifying around a common goal.

In taking a needed timeout to reevaluate their future, they have been working with the MSU Product Development Center. Their direction forward in Michigan includes 1) commitment – make amazing pie with purpose; 2) passion – make a heartfelt positive impact on those they serve; and 3) economic – give and grow by cultivating positive relationships. The final

part of their evolution is the give back portion of their business, through which they strongly support children's programs in the various communities they are located.

Commissioner Coe congratulated Mr. Busley on the success of his company and noted that Grand Traverse Pie Company is a prime example of how, through a collaborative network, an entrepreneurial business can successfully grow in Michigan.

### **PET FOOD INVESTIGATION TEAM – COMMISSION RESOLUTION**

Commissioner Kennedy invited Jeff Haarer and Mark Stenske to share an overview of the pet food investigation. Mr. Haarer noted MDARD's three divisions, FDD, PPPMD, and the Laboratory worked together seamlessly on this recall effort. MDARD's investigation is unique and now is a national case study regarding the interconnection between animal feed safety and human health.

Mr. Stenske reported the Laboratory conducts many samples on a routine basis and during that process, they discovered a positive dog food sample for a pathogen. FDD and PPPMD did an excellent job performing trace-back investigations, which led to a nationwide recall, additional testing, and a national awareness of this issue. Being a leader in many aspects, Michigan was one of the first to complete this type of testing on pet foods. He complimented the microbiology staff who worked many long hours to produce the test results, as well as their very effective communication with the other divisions and federal agencies. It was a holistic approach, which came together very effectively.

Mr. Haarer announced that next week, April Hunt will be receiving the Food and Drug Administration (FDA) Commissioner's Special Citation Award in Washington, D.C., on behalf of the department and the Pet Food Investigation Team.

The Director expressed her appreciation for the Commission's recognition of the Pet Food Investigation Team. It distinguishes staff for going beyond their normal responsibilities and working together in a very effective way. With FDA also recognizing this effort, she hopes FDA will realize that working collaboratively brings good results.

Commissioner Kennedy reviewed the Commission Resolution recognizing the outstanding efforts of the department's Pet Food Investigation Team, which read:

*WHEREAS, the Michigan Department of Agriculture and Rural Development (MDARD) Pet Food Investigation Team (Team) demonstrated outstanding leadership and dedication during its investigation and response to the 2012 pet food Salmonella Infantis outbreak. The outbreak caused numerous human and animal illnesses and ultimately resulted in massive pet food recall. The Team's surveillance and laboratory activities were covered under the Food and Drug Administration's (FDA) BSE Feed Safety Grant and their effective response and coordination of the outbreak resulted from organizational and preparedness activities developed under FDA's Rapid Response Grant; and,*

*WHEREAS, the Team consisted of John Tilden, Lisa Hainstock, Justin Henderson, John Buchweitz, Jeff Haarer, April Hunt, Tim Lyons, Stevie Glaspie, Ahmed Jama, Jim Loncar, Nicole Cairns, Mike Zupin, Ted Gatesy, Karen Wilson, Frances Mohnke, Scott Benko, Karen Pietrzen, Mark Stenske, Sharon Robeson, and Mike Neault; and,*

*WHEREAS, the Team played a key role in identifying the pathogen, facilitating communication and sharing information between MDARD Divisions, the Michigan Department of Community Health, State Departments of Agriculture, two FDA Districts, and the Centers for Disease Control and Prevention; and,*

*WHEREAS, FDA Detroit District has a long standing partnership with MDARD through FDA contracts as well as the aforementioned grants. As a result, the District and MDARD have established open and effective lines of communications for public health issues that require emergency response. When this event emerged, MDARD and FDA were able to effectively communicate findings internally and externally thereby accelerating the recall of violative products; and,*

*WHEREAS, the Team's leadership, coordination efforts, and outstanding investigational and analytical casework significantly promoted public health. The Team collected and analyzed samples, identified the pathogen, linked the pathogen to an outbreak, identified the responsible firm, then coordinated and communicated with state and federal agencies to facilitate a recall. This recall and subsequent removal of product in distribution prevented further human contact with contaminated pet food, thereby preventing illnesses and the expansion of the Salmonella Infantis outbreak in 2012; and,*

*WHEREAS, in recognition of the Team's outstanding work, MDARD received the FDA Commissioners Special Citation – one of the highest level awards given by FDA; and,*

*THEREFORE, the Michigan Commission of Agriculture and Rural Development commends the Pet Food Investigation Team and extends its sincere appreciation for their outstanding work, as well as congratulations for having received the FDA Commissioners Special Citation.*

**MOTION: COMMISSIONER COE MOVED THE RESOLUTION RECOGNIZING THE PET FOOD INVESTIGATION TEAM BE ADOPTED. COMMISSIONER WALCOTT SECONDED. MOTION CARRIED.**

In response to inquiry from Commissioner Coe, Mr. Stenske advised, although an increase in foodborne illnesses is perceived, in actuality, there is a greater awareness of foodborne illness today – more samples are being taken, technology has improved, and there is a lower threshold for recognizing and reporting of illnesses from doctors and healthcare facilities.

**AGRICULTURAL PROCESSING RENAISSANCE ZONE UPDATE: Mike DiBernardo, Grants/Economic Development Specialist, Office of Agriculture Development**

Mr. DiBernardo reported the Agricultural Processing Renaissance Zone (APRZ) Program was developed in 1996, but originally began with the Michigan Economic Development Corporation (MEDC) using geographic renaissance zones as an economic tool in communities. MEDC would grant a piece of land as a renaissance zone and the communities were responsible for finding businesses to take advantage of that tax-free incentive. However, this was found to be ineffective, because it was not project driven. Therefore, when the legislation was revised, it became project specific with agricultural processing identified as one of the key sectors.

There currently are 30 APRZs legislatively authorized, 23 have been expended, one is currently in process, and three zones remain available. The APRZs are very specific

between a business, a community, MEDC, local partners, and MDARD, and they are negotiated based on the project parameters. It can be new construction, an expansion, or revamping of an existing facility. A geographical area is defined and becomes tax-free – abated of local and state taxes for up to 15 years.

The APRZ process begins with a local resolution and an application is submitted to MEDC and MDARD. MDARD creates a resolution and cover memo to the Commission for approval, it is then sent to the Michigan Strategic Fund Board, and if approved, is forwarded to the State of Michigan Administrative Board for final approval.

An APRZ application must be exclusively for agricultural processing and for a clearly defined area within that activity as outlined by a recorded legal description. The local assessors are then very clear as to which activity is abated of taxes. Some of the abated tax funds are reimbursed from the State of Michigan General Fund through MEDC to the local community.

In response to question from Commissioner Kennedy, Mr. DiBernardo advised the definition of processing is basically washing, packing, sorting, or changing the commodity into something else – changing the value added of the product. Retail and on-farm production is not eligible, unless that on-farm production and processing are completed in the same location.

Three key criteria for applications are considered: 1) investment in the plan of the company, 2) job growth, and 3) impact to the industry. The third area is closely considered by MDARD – does it really make a difference, does it help us drive that value-added or provide sustainability, and does it change the nature of the business? The other aspect considered is how many more local commodities the company is planning to purchase as a result of their project, which helps to determine the local economic impact.

Recent changes in the corporate income tax structure have changed much of the taxable personal property. If it is considered industrial or manufacturing, there is an opportunity in food processing to take advantage of some of those new tax laws. With corporate tax thresholds changing and the advent of elimination of personal property tax, it provides a different playing field and actually helps that dynamic. Also, there may be more local income tax enacted, which would allow MDARD to use that tool at a local level.

The APRZ Program has been a very effective tool for promoting value-added processing. It is a key piece of economic development, because it allows companies to front load investments in their facilities. However, once an APRZ is awarded, it is gone. An expired or revoked APRZ is not available for reuse, which creates a need for additional zones.

Following discussion, the Commission favored the suggestion of initiating a change in the legislation to provide that the 30 allotted AZRZs become revolving, establishing that the zones would be available to award as a new zone when they expire or are revoked. The Director advised that in preparation for pursuing that action, the department needs to obtain data and prepare documentation that the APRZ Program has been effective and can demonstrate return on investment. Mr. DiBernardo will discuss the potential with MEDC, gather the appropriate data, and prepare a report for presentation to the Commission.

**STRATEGIC GROWTH INITIATIVE: Mike DiBernardo, Grants/Economic Development Specialist, Office of Agriculture Development**

Mr. DiBernardo noted the department received \$1 million in its Fiscal Year 2014 budget for the Food and Agriculture Strategic Growth Initiative and MEDC is contributing \$2 million toward that effort. MDARD conducted six regional meetings across the state to provide information on the program. The Director also formed an advisory group consisting of industry representatives to begin developing the overview of this grant program.

The grant program is intended to further the industry, as opposed to an individual business, to collectively move a segment of the industry past its obstacles for growth. The initial intention is to identify challenges the industry faces and facilitate their consideration of service providers, such as universities, private consultants, and other organizations that can subsequently help in addressing the obstacles. This will assist the department in moving more companies forward within the sector by identifying what those goals and objectives could be.

Five grant categories were agreed upon to help the industry focus on identification of their needs. Those categories include 1) workforce development – what are the training needs and how to connect the needs of the industry to what service providers are delivering; 2) technical assistance – is there a technical solution to assist the industry and do supporting feasibility studies exist; 3) applied research and commercialization – taking research out to the farm and the community to identify efficiencies, supply chain opportunities, etc.; 4) value-added processing – identify opportunities that could help move that forward; and 5) exporting – identify the challenges beyond the normal process. In summary, there are good programs that can assist companies, but there exists a need to identify what should be done to help move that forward.

By the end of August, the Request for Proposal (RFP) for the grants should be released. It will include the overview of the program, a detailed application form, and the scoring sheet. The industry will be given 60 days to complete the process and submit their proposals. During that time, staff is committed to meeting with the industry to answer their questions and assist them with the process. It is expected the department will need approximately 45 days to review proposals and make recommendations to the Director. Official notification would then follow and recommended projects would be finalized into grant agreements, potentially the end of October or early November. A summary report of the grants will be provided to the Commission, and interim progress reports will be prepared for the Commission, the Director, and the Legislature.

The Director noted the initiative was driven by the industry. They approached her last September with the concept, requesting it be forwarded to the Governor, and the program was subsequently developed.

In response to inquiry from Commissioner Walcott, Mr. DiBernardo advised the maximum amount that will be awarded per grantee will be \$250,000; however, it is anticipated less than that amount will be requested by several applicants. He noted the potential of this program has created a great deal of excitement across the industry.

## **RECESS AND RECONVENE**

Chairperson Kennedy recessed the meeting at 10:30 a.m. for a brief break. He reconvened the meeting at 10:40 a.m.

## **BOVINE TUBERCULOSIS IN MID-MICHIGAN: James Averill, State Veterinarian and Division Director, and Rick Smith, Assistant State Veterinarian for Ruminant Programs, Animal Industry Division**

Dr. Averill advised he and Dr. Smith wanted to update the Commission relative to activities in mid-Michigan since the finding of bovine Tuberculosis (TB) in a large dairy farm in Saginaw County.

Dr. Smith reported the large dairy herd in Saginaw County was TB tested in early March as a result of slaughter surveillance and on March 25, was designated as the 56<sup>th</sup> TB affected herd. The United States Department of Agriculture-Veterinary Services (USDA-VS) has agreed to depopulate this farm and that process has begun. The TB Program plans on having all cattle removed from this farm by early August 2013 to allow for beginning of the cleaning and disinfecting process.

In response to question from Commissioner Coe, Dr. Smith advised the owner of the depopulated herd will receive the current market value for the animals in way of remuneration from USDA.

Because the strain of bovine TB found on this farm is the Michigan strain, an important part of the investigation has been to look at wildlife in the area. MDNR, working together with USDA Wildlife Services (USDA-WS), sampled 80 deer within two miles of the Saginaw herd in March and April of 2013. All 80 of these deer were necropsied and no gross lesions were found. Additionally, all 80 of the deer had culture samples run from tissue samples and all of the cultures have come back negative. MDNR will continue to do disease surveillance in the Saginaw area for three years and this will occur during the normal deer hunting season.

Also, 19 raccoons and 3 opossums were removed from the Saginaw farm by USDA-WS. No gross lesions were observed in any of these small mammals and the cultures on their tissues are still pending. Additionally, 19 barn cats that were drinking raw milk were removed from the Saginaw farm. To date, 11 of the tissue sample cultures from these cats have cultured positive for bovine TB and a few remain pending. Public health authorities have been involved with the situation in Saginaw, Gratiot, and Midland Counties from the very beginning.

There were seven farms intimately connected with the Saginaw herd, having received calves or milk or both from that farm. The owner of a small dairy beef farm had acquired raw milk from the Saginaw County farm, which was fed to various calves. A test of these calves indicated the potential presence of infection, so the animals were sent to the laboratory at the Michigan State University Diagnostic Center for Population and Animal Health (DCPAH) and some of them were found to be infected with bovine TB. The herd was designated as the 58<sup>th</sup> affected herd on May 1, 2013. USDA agreed to depopulate this farm and all remaining animals were removed June 19, 2013. No further lesions were found. A herd plan is being developed for the herd. Cleaning and disinfection must be

completed prior to a release of quarantine. USDA-WS will be trapping small mammals, including barn cats on this farm.

A small freezer beef herd in Midland County had several exposed animals from the TB infected herd in Saginaw County. The exposed cattle were taken to DCPAH and one was found to be infected with bovine TB. On May 1, 2013, the herd was designated as the 59<sup>th</sup> bovine TB affected herd. On June 7, the remaining cattle in Herd #59 were removed. No further lesions were found and a herd plan is being developed. Again, cleaning and disinfection must be completed prior to a release of quarantine. There was one trace investigation stemming from this herd, which was tested and found to be free of disease.

Relative to trace investigations, for Herd #56, two source trace herds were tested and no disease was detected. Two cultures are pending and one remaining source herd will be tested in September. To this point, there are 112 exposed traces to 89 different farms, as the same farms may have purchased calves multiple times and investigations go back five years. To date, 100 trace investigations have been completed, or 89 percent. As mentioned, from those investigations two farms have been found to be bovine TB positive (herds #58 and #59).

On the Gratiot herd, 56 different traces to 46 different farms have been identified. To date, those investigations are about half completed. Because the Midland herd was freezer beef, there was only one source trace, and there were no exposed traces.

As a result of discovering TB infected farms in Saginaw, Gratiot, and Midland Counties, three overlapping special surveillance zones, each with a 10-mile radius around the infected farm, have been established. On March 26, 2013, a special surveillance area was declared around the Saginaw herd, which includes Bay, Gratiot, Midland, and Saginaw Counties. All tests must be accomplished by September 26, 2013. From the original circle, 73 cattle herds have been identified. Currently, 49 of those have been tested.

The Gratiot and Midland circles were designated on May 6, 2013, and all testing must be completed by November 6, 2013. There are 74 herds in the Gratiot and Midland circles. Currently, 14 of these have been tested. Accredited fee-basis veterinarians can be used to help with testing in some of these areas.

Currently, all circle tested herds have been negative.

MDNR will be testing 300 deer per circle for each of the next three years. Additionally, they will be testing 700 deer per year for three years from adjacent counties. The bulk of that testing will occur during the hunting seasons. In reply to question from Commissioner Kennedy, Dr. Smith advised several public meetings have been held to educate hunters in each area and communication will continue throughout the testing period.

During investigations, compliance violations are being found relative to RFID (radio frequency identification) tags and dealer records. Investigations in this regard are ongoing. Actions are being taken, including hearings, fines, and license suspension.

The Saginaw herd may affect Michigan's Split State Status. At this point, USDA-VS has agreed to suspend any decisions about Michigan's TB status until the current trace investigations are substantially completed.

In summary, there are three infected herds in the Mid-Michigan area, 75 percent of the 172 traces are completed, 43 percent of the 147 circle herds have been tested, compliance issues are being addressed, and the state status will be discussed with USDA later this fall. Overall, the situation is better than had been anticipated when the Saginaw herd was initially designated.

Following discussion about RFID tag compliance, Dr. Averill advised the department is learning lessons from the situation. Staff will be developing a plan to identify what should be done differently regarding RFID in Michigan and how staff should be conducting themselves around the Livestock Dealer Act. Because the department lacks resources to be routinely checking each of the 14,000 cattle operations in the state, it will be a challenge to manage that farm-to-farm sale. Director Clover Adams noted the Saginaw RFID situation was an isolated incident and it is unfortunate the press has chosen to portray this as a massive lack of compliance. Dr. Averill confirmed only 60 calves in 2012 lacked tags, all other animals from that operation have been tagged when leaving the farm – it was simply one small snapshot in time.

The Director advised the department will not be changing its basic culture and will continue to be a compliance-based organization, working with producers to comply with the rules. If compliance does not follow, then other measures will be taken. Because the industry would not want the department on every farm checking for tags, a different means will be established. Dr. Averill reported compliance outreach education has been very effective.

The Director asked about the livestock dealer liability relative to RFID tags. Dr. Averill advised, through the Livestock Dealer Act, dealers should be keeping records; however it is the seller who is in violation of the law if an animal does not have an RFID tag. Dr. Smith advised the result he would like to see from the upcoming compliance action against a cattle broker is an agreement that broker will no longer accept animals without RFID tags.

Pursuant to further discussion, the Commission suggested an incentive-based RFID compliance program and that the industry should be encouraged to self-police for RFID compliance. The Animal Industry Division will pursue those potentials.

In response to inquiry from Commissioner Hanson, Dr. Averill advised the source of the TB infection on the Saginaw farm is not yet known. As there is no conclusive evidence pointing in one direction or another, all findings have been inclusive to this point.

Commissioner Kennedy advised he will be participating in the August 19 Saginaw County Farm Bureau meeting and requested staff be available to attend that meeting and discuss bovine TB in that area. Dr. Averill advised someone will plan to attend that meeting.

Commissioner Kennedy complimented staff on how well they have handled this huge project – the food supply is safe and final trace investigations simply need to be completed.

**QUALITY DEER MANAGEMENT PROGRAM: Brent Rudolph, Ph.D., Wildlife Specialist-Deer and Elk Program Leader, Michigan Department of Natural Resources**

Dr. Rudolph reported Quality Deer Management (QDM) typically involves the protection of young bucks, combined with an adequate harvest of female deer to maintain a healthy population in balance with existing habitat conditions and landowner desires. Antler Point Restriction (APR) is one tool to address one component of QDM.

In 1999, the Michigan APR proposal guidelines were developed. The Natural Resources Commission (NRC) retains full authority over implementation. Some proposals were divisive and the process was labor-intensive. During 2010 and 2011, the process was revised and re-initiated through the NRC APR Workgroup.

An APR is understandable and enforceable. Protection of young bucks can be predicted through data collected. The APR employs a unique process to provide direct opportunity to engage in regulations-setting. The process does not alter antlerless regulations or how crop damage permits are allocated.

The proposal process involves several steps, the first being submission and review. The sponsoring organization submits a proposal to the Wildlife Division, the proposal is critiqued by Wildlife and Law Divisions, and the NRC is kept apprised of its progress. Public notice and information is then distributed. Public meetings are hosted by the sponsoring organization and attended by Wildlife Division staff.

A survey of public support is then conducted. The survey of support becomes key in moving forward with implementation. Requirements for recommendation are a minimum of 50 percent response with 66 percent support. The support to maintain is then measured after five years and the same minimum requirements would then apply.

A biological evaluation is also conducted and concerns would preclude recommendation to implement or maintain. A comparison is made of the five years under restriction to the five years prior to restriction. To date, any statistical changes after a restriction have been small.

Seventeen APR surveys have been completed and landowner and hunter opinions have been similar, although landowners are more supportive. The survey outcome would have not changed if only one group had been surveyed. A detailed survey summary was reviewed, detailing support results from various counties by group. Sources utilized for prior surveys were the MDNR database for prior deer harvest survey respondents for hunters and county tax assessor lists of individual landowners of private noncommercial parcels greater than five acres for landowners.

The final NRC decisions were determined on December 8, 2011, and included the following direction: 1) revise materials, with an open process for proposals; 2) initiate evaluation of the northwest Lower Peninsula proposal; 3) consider just one/region/year and the Wildlife Division reports proposals they intend to evaluate to NRC; 4) retain a 66 percent margin of support, with only "yes" and "no" survey responses; 5) charge for the estimated survey cost; and 6) eliminate landowner sampling, but provide opportunity for input via email.

Until 1999, there were no uniform proposals and four areas had restrictions implemented. Through adoption and evaluation under the formal process guidelines after 1999, the eleven proposals resulted in eight new areas, two proposed increases of prior restrictions, and three restriction implementations. Of the areas implemented prior to the formal process, three of the four remain under a restriction and include Drummond Island, South Fox Island, and a portion of Iosco County. Of the areas implemented following the formal process, two of the three remain under a restriction, which are Norway and Leelanau Counties. Areas implemented during the re-initiation include Beaver Island through Wildlife Certification and the twelve northwest Michigan counties under the new process.

APR proposals for 2014 have been received, including one to re-evaluate a potential three-point restriction for basically the remainder of Zone Two in the northern part of the Lower Peninsula and one to implement a four-point restriction for all of Zone Three, or southern Michigan. Public meetings are currently being held and surveys for support will be conducted.

Commissioners Coe and Hanson advised that concerns are being expressed by agricultural landowners in their areas (who are experiencing considerable deer damage to their crops) that surveys are not reaching them, and questioned if it is in fact an inclusive process. Dr. Rudolph confirmed that agricultural landowners are included in the random-sample survey process to generate a statistical level of comparison. Current discussion includes potentially coordinating a survey in collaboration with local Farm Bureaus. The objective is to capture the general interests of the people in a specific area. In terms of having a process that does not allow manipulation from one group to another, they defer to using a more general survey sample.

In response to question by the Director relative to ensuring an adequate harvest of female deer, Dr. Rudolph advised the system for antlerless deer remains unchanged and quotas are established annually through the NRC. Because of various instances, such as bovine TB, MDNR has quotas, seasons, and regulations in excess of what hunters are willing to take advantage of. MDNR is continually re-evaluating specific areas and quota recommendations are made accordingly.

In light of the wildlife considerations in the new food safety regulations being implemented in the near future, the Director expressed concern about the growing deer population for those producers with fruit and vegetable crops. The opinion of the general public or the hunters shouldn't be considered in those circumstances. She asked that, while MDNR is working toward quality deer management, how can the capability of the fruit and vegetable crop harvest be ensured? Commissioner Kennedy asked about the potential of an "earn a buck" program. Dr. Rudolph advised those types of programs have proven to be ineffective in other states. He noted a close example is in Deer Management Unit 487 where some restrictions were implemented on antlered deer and an opportunity was created for hunters with any type of hunting license to take a doe; however, they are not convinced of its effectiveness. The other side, is the education effort and this is part of the concept of meetings to be held by sponsoring organizations. Those organizations are doing a good job communicating the need to take enough antlerless deer in order to manage the deer herd in general, as well as pointing out that when a buck restriction is imposed, they can take a doe.

Commissioners Coe and Hanson inquired about various potentials of incentivizing doe hunting, for instance through changes to the Youth Hunt, or other management practices to control the growing deer population. Dr. Rudolph advised the Youth Hunt accounts for a very small percentage of the hunt and changes to that program would be minimal. Quotas have been adjusted annually as deemed necessary by region. In the instances of higher than desired populations, the antlerless harvest has been relatively successful. In response to question from Commissioner Walcott, Dr. Rudolph advised the deer management assistance permits will still be available in the antler restricted areas and crop damage permits will also be eligible and available.

### **AGRICULTURAL DAMAGE AND ANTLER POINT RESTRICTICONS**

Ms. Ayers reported that a communication was sent via email to the Commission last evening from Tony Smith, President of the Lower Peninsula Deer Management Initiative, and Michael Goynes, Michigan State Council President of the Michigan Quality Deer Management Association, regarding agricultural damage and the new Antler Point Restrictions. Their cover email message stated, "We firmly believe that our three organizations, along with the MDNR and NRC, can work more closely together on what appears to be many common goals. Antler point restrictions and quality deer management are not synonymous; however, the former can be a tool for the latter when wielded appropriately. We encourage you to take the time to review evidence and data provided so that we may engage in further fact-based dialog on these subjects."

The email message and its attached report will be forwarded to the Commissioners and Director, and entered into the official meeting record.

### **IMPLEMENTATION OF THE QUALITY DEER MANAGEMENT PROGRAM: Ken Nye, Horticulture and Forestry Specialist, and Rebecca Park, Legislative Counsel, Michigan Farm Bureau**

Ms. Park advised the QDM program is unfortunately one of those issues where the Michigan Farm Bureau (MFB) differs in opinion from MDNR and some of the groups proposing the APR. MFB has member-driven policy that opposes mandatory management practices on private land, and this would include APRs in their opinion.

At the NRC meeting, MFB and individual growers expressed concern regarding expansions of the APRs in the northwest area of the state. However, the hunter survey supported the expansion and ultimately, so did the NRC.

The fruit growers in that area were so concerned they pooled their own individual resources and hired MSU to conduct a study to examine the impacts of APRs in Leelanau County alone. That particular study showed that over three percent of the young trees in that county were damaged by the buck rubs. The economic analysis associated indicated a three percent loss can lead to over \$6,000 per acre for the life of a cherry orchard. Equating that to per acre/per year is \$144 to \$381 each year that comes directly out of the respective producer's pocket. For tart cherries alone, the economic impact from deer in Leelanau County is \$1-2 million per year. This was included in MSU's study as presented to the NRC.

Leelanau County has had an APR since 2003 and every five years a new survey is conducted. Now, we are in the process of examining another APR proposal for almost the entire remainder of the state. Two different proposals are being considered, public meetings are being conducted, and there is no survey specifically sent to landowners. There have been some preliminary discussions between MFB and MDNR to determine if there is a way to conduct a survey with MFB members to gauge their impact. Also, being unveiled today is a new opportunity whereby MFB will be asking members to provide input on APRs through an email that MDNR has made available. MFB anticipates the majority of their members will be in opposition.

It is important to note there are some concerns associated with the APRs that are only applied to agriculture producers, and likely to an even greater extent to specialty crop producers. The GAP (Good Agricultural Practices) requires producers to monitor for the presence or signs of animals in a cropping area, and if necessary, to take measures to reduce the opportunity for animals to enter that area. They are clear that producers can never totally exclude animals from a cropping area, but that every effort should be made to limit access. And on top of that, we now have the Food Safety Modernization Act (FSMA) and another level of monitoring that is required. The FSMA fact sheet published talks about trying to balance prevention of contamination with practicality. And it is clear that it doesn't require animals to be shot or harmed, fences to be constructed, animal assets to be destroyed, or boarders to be cleared. But, again we see language that states that if there is a reasonable probability that animal intrusion has been in the area and possibly contaminating crops, you need to monitor. Furthermore, if there is evidence that includes crop destruction, the producer must evaluate if the crop can be safely harvested. All of the responsibility is placed squarely on the producer.

As APRs are considered for the remainder of the state, there likely will be a host of issues brought forward. From MFB's perspective, it opposes mandatory practices on private property.

Mr. Nye noted there are some unknowns in FSMA from the produce safety side. The Food and Drug Administration presented a proposal last winter, the comment period is in process, and the final rules are yet to be determined. We do know there will be animal intrusion from deer and other animals – if you observe that, you must monitor and decide if it is logically safe to harvest that produce from a food safety standpoint. MFB represents the growers who will be impacted and certainly there are benefits from QDM and APRs and those should be considered. But at the same time, there is a cost to farmers and that cost also must be considered relative to the new proposals.

Commissioner Coe advised this Commission needs to be concerned about whether agriculture is at the table and has a voice in striking a balance, which clearly does not exist today. The fact is hunters do not take does, rather, they hold out for that trophy buck. Giving up those opportunities to take a doe means we need to find a program to incentivize hunters to do so. Correcting the balance is essential to maintaining the specialty crops in Leelanau County. Commissioner Hanson concurred and advised the same situation exists in the UP.

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

Mr. Bajema reported House and Senate members are primarily away from Lansing due to carpet restoration of the chambers. They are expected to be in for a short session next week; however, not much action is anticipated.

House Bill 4132, which addresses Conservation District processes, and in particular the current situation in Midland County, would allow for appointment by the department in those rare cases when a district falls below a quorum. The bill is currently being held in the Senate, being a casualty of Medicaid Exchange differences. It is hopeful the bill will pass early this fall.

He thanked the Commission for their efforts toward the water withdrawal dispute resolution legislation. It was completed, although in a different fashion than expected. The contents of that bill were included in House Bill 4663, which raised the administrative cap on Farmland Preservation Program funding. The department should now be well positioned to address water withdrawal conflict that may arise as a result of crop irrigation.

### **PUBLIC COMMENT**

**Ben Kudwa, Grand Ledge**, thanked the Commission and asked the Director to express his appreciation to MDARD staff for all of their efforts in helping the Michigan Potato Industry Commission progress through a transition from his time as its Executive Director, which was 27 years, to a new person at the helm. The transition process was begun officially about one year ago and culminated when he retired on June 30, 2013. The department played a significant role in overseeing that very successful process. He also thanked Chief Deputy Director Wenk for his thoughtful presentation during his June 19 retirement celebration.

**Michael DeToy, Garden City**, advised he feels something needs to be done with the Michigan Right to Farm (RTF) Act. He became MAEAP verified and yet has now been convicted of having chickens. Many people want to feed themselves and perhaps sell to their neighbor; but, when taking his cause to court, he lost. His next step was coming here today because it seems illogical. Since an appeals process is so costly, he plans to move out of Garden City. He feels the RTF Act states two things are required, producing a farm product (chickens) and being a commercial operation (selling eggs). Something must be done to help this situation. It is out of control when someone like him, who has never been in trouble with the law, is now convicted and on probation for having chickens. Either the law needs to be supported or amended to provide clarity.

**Randy Zeilinger, Garden City**, noted there is considerable grass-roots political action growing within Michigan regarding various factors, such as MDNR and the Invasive Species Order (ISO). Specifically, MDNR imposed a \$700,000 fine on the Baker Farm pigs that MDNR ruled as being in violation of the ISO. That farm has now countered sued, which has received nationwide attention. During the newscast about that case, his case was also mentioned, as well as other farms in Michigan. He feels small-scale farming falls off MDARD's radar of the minimum Generally Accepted Agriculture Management Practices (GAAMP) animal units. Short of that minimum number, one will not obtain an inspection to verify compliance with GAAMPs. Small producers are able to obtain MAEAP verification and that provides valuable information and does cover many of the GAAMPs requirements.

He feels the two criteria stated in the RTF Act – an agriculture product and a commercial operation – seem very clear. However, in a recent interview, Mr. Brad Deacon stated, “It can be controversial, there are plenty of people who live in towns that don’t want livestock and there are plenty of people who want to own livestock.” The small-scale farmers are looking for something less ambiguous. They would rather be told definitely one way or the other, to avoid having to go through court, which is wasting resources. He feels the majority of people feel small-scale farmers have the right to produce an agricultural product regardless of local zoning ordinances. They would like to see some type of support, and barring that, advice that the department does not support small-scale operations – which would give them clear direction to proceed legislatively. They simply need clear direction; the ambiguity needs to be addressed.

**Belinda Fitzpatrick, Lansing**, shared details of her personal employment situation with the department. She was temporarily suspended and subsequently placed on medical layoff. Her extended medical layoff expired February 22, 2013, her disability requirement request has been denied, and her Workman’s Compensation is in litigation with the Attorney General’s Office. She advised she sees no way to challenge the doctor’s determination that she is not qualified for the medical retirement and is very distraught by the entire situation. She plans to consult with her union representative for further assistance.

**Amy Trotter, Resource Policy Analyst, Michigan United Conservation Clubs (MUCC)**, noted MUCC has a similar process to MFB through which members bring forward policies on which vote is taken during their annual meeting that subsequently establishes policy of the organization. For issues requiring a change in law or regulations, the vote requires a two-thirds majority. Because many diverse opinions exist around deer issues and APRs in particular, MUCC does not have a position in that regard. However, each time these issues arise, MUCC engages their members in the process in whichever way they choose.

This issue does divide communities and one group in Michigan is attempting to take advantage of that situation and that is the Humane Society of the United States. There is another referendum coming forward and MUCC would appreciate the Commission’s support in declining to sign that petition. In response to question from Commissioner Kennedy, Ms. Trotter advised the petition is against Public Act 21, which is the Scientific Management of Wildlife Act. In MUCC’s opinion, it gives NRC the authority to name game species and is a shared authority with the Legislature.

She expressed appreciation to the department for its efforts on the Qualified Forest Program. MUCC has been very interested in this program for a number of years and is very willing to help move it forward. This fall, she plans to host a meeting during which MDARD staff will present on the new program, followed by dialog with stakeholders on how to increase enrollment. It will be good for the forest economy, as well as MUCC interests toward a healthy forest habitat.

## **ADJOURN**

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

The meeting was adjourned at 12:28 p.m.

Attachments:

- A) *Agenda*
- B) *Agriculture and Rural Development Commission Meeting Minutes June 12, 2013*
- C) *Director Jamie Clover Adams – Issues of Interest Report*
- D) *Gene Thompson Scholarship Award Briefing*
- E) *Grand Traverse Pie Company Overview*
- F) *Resolution Recognizing the Pet Food Investigation Team*
- G) *Michigan’s Bovine Tuberculosis Program Presentation*
- H) *Antler Point Restriction Process Presentation*
- I) *Impact of Antler Point Restrictions Communication from Quality Deer Management Association and Lower Peninsula Deer Management Initiative*
- J) *Legislative Status – July 2013*