

# MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT

Northwest Michigan Horticulture Research Center  
6686 S. Center Highway  
Traverse City, Michigan 49684

## MEETING MINUTES DECEMBER 13, 2013

### **PRESENT:**

Bob Kennedy, Chairperson, Michigan Commission of Agriculture and Rural Development  
Diane Hanson, Vice Chairperson, Michigan Commission of Agriculture and Rural Development  
Trevor Meachum, Secretary, Michigan Commission of Agriculture and Rural Development  
Don Coe, Michigan Commission of Agriculture and Rural Development  
Jamie Clover Adams, Director, Michigan Department of Agriculture and Rural Development

### **ABSENT AND EXCUSED:**

Fred Walcott, 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 9:14 a.m. on December 13, 2013. Commissioner Meachum called the roll with Commissioners Coe, Hanson, Kennedy, and Meachum, and Director Clover Adams present.

### **APPROVAL OF AGENDA**

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

### **APPROVAL OF NOVEMBER 6, 2013. MEETING MINUTES**

**MOTION: COMMISSIONER COE MOVED TO APPROVE THE NOVEMBER 6, 2013, MEETING MINUTES. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.**

### **NEXT SCHEDULED MEETING**

The next scheduled meeting will be held on Tuesday, January 14, 2014, at the Michigan Municipal League, 208 N. Capitol Avenue, Lansing, beginning at 1:00 p.m.

### **COMMISSIONER COMMENTS AND TRAVEL**

**Commissioner Coe** traveled to Grand Rapids for the Great Lakes Fruit, Vegetable, and Farm Market Expo on December 10-12.

**Commissioner Meachum** also attended the Great Lakes Expo this week, including the Industry Luncheon on Tuesday. Last week, he was in Las Vegas for the Naturipe Farms

post-strawberry harvest meeting. Naturipe is the world's largest marketer of fresh berries and they expect their sales to double within the next five years, which places producers in a large expansion mode.

The exceptional apple harvest from his farm is about one third packed, a process that will continue into June. About 500 acres of their corn remains to be harvested, which is the same with many other producers because it did not dry down as quickly this year. Most producers are very pleased because this year's harvest was a complete turnaround from last year.

**Commissioner Hanson** attended the Michigan Farm Bureau annual meeting in Grand Rapids last week. It has been very cold in the Upper Peninsula (UP), but there is very little snow. Much of the corn remains to be harvested because the moisture level remains high.

**Commissioner Kennedy** also attended the Great Lakes Expo this week, as well as an Environmental Protection Agency (EPA) Hearing on Michigan's Wetlands Program. Corn harvest is about 90-95 percent complete in the Saginaw Valley region and yields are average overall.

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

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

### **DIRECTOR'S REPORT**

Director Clover Adams spoke to an audience of 600 people at the Grand Rapids Economic Club on November 18. The meeting discussion focused on craft beer, wine, hard cider, and culinary tourism in general, emphasizing that sector's growth and impact on the economy.

Attending the annual Michigan Farm Bureau meeting, she had an opportunity to speak to the delegates, during which she alerted them about the staff reduction in the P.A. 116 Program. She reminded Commissioners they may also receive calls because the department had to reduce that program staff from eight to three and one-half people because of lack of funds. The silver lining in that situation was the fact that those staff members have good skill sets which were utilized in the Michigan Department of Agriculture and Rural Development's (MDARD) new Forestry Program. The department continues to engage with stakeholders to determine how the P.A. 116 program can move forward and program staffing levels can be restored.

At the Great Lakes Fruit, Vegetable, and Farm Market Expo, she was asked to speak on behalf of Dick Posthumus at the annual banquet, during which \$19,000 worth of scholarships were awarded. Those students are involved in various areas of agriculture and the scholarships provide a wonderful opportunity for them. Commissioner Meachum

advised a study is being conducted to compile a “where are they now” report of past scholarship winners and the plan is to present those results at next year’s Great Lakes Expo. He will share those results with the Director as soon as available for her use as examples when emphasizing the need for talent in the agriculture industry.

The announcement of the Strategic Growth Initiative awardees will be released today. Approximately \$20 million was requested in the 75 applications received. With a \$250,000 cap per project, 14 were selected to receive the \$3 million in available initiative funds. These varied projects could benefit entire segments of the agriculture industry.

Preliminary numbers were received regarding agriculture exports, indicating \$3.2 billion, which is up from \$2.88 billion the previous year. Considering this current growth pattern, we may very well increase our target goal of \$3.5 billion in exports.

Commissioner Coe advised he attended the International Food and Wine Program in Grand Rapids and received many good comments from the Grand Rapids business community regarding the Director’s presentation to the Grand Rapids Economic Club. As requested, the Director will forward her presentation outline to Commissioner Coe.

Along with Gordon Wenk, Mike DiBernardo, and Belen Ledezma from Workforce Development, she met with the Mexican Consulate last week. It was an excellent, open exchange of ideas. Mexico is very interested in cherries, blueberries, and hard woods. They offered their potential to assist with immigration issues and the department has begun pursuing that opportunity. The Consulate hopes to engage the Michigan Hispanic farming community in potential marketing opportunities.

#### **DIRECTOR’S TRAVEL**

Director Clover Adams requested approval for travel to Chicago, Illinois, January 13 for the Food Export Executive Advisory Committee Meeting, and to Reston, Virginia, February 2-6, for the National Association of State Departments of Agriculture meeting.

**MOTION: COMMISSIONER COE MOVED APPROVAL OF THE DIRECTOR’S TRAVEL. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.**

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

There was no public comment relative to agenda items.

#### **CHAIR FOR REMAINDER OF THE MEETING**

Noting this is Don Coe’s last meeting as a Commissioner, Commissioner Kennedy invited him to chair the remainder of the meeting and introduce the various speakers from the northwest Michigan area.

Commissioner Kennedy noted Don Coe has served the Commission for eight years, is very dedicated, and the Commission will miss his contributions. He extended appreciation to Commissioner Coe for his outstanding service.

Commissioner Coe noted he was privileged to serve on the Commission under two Governors, four Directors of MDARD, through eight budgets, with seventeen different

fellow Commissioners, and attended over 100 Commission meetings across the state. Through those eight years, although change has been constant, the steady leadership of the department through the Director, Gordon Wenk, and the department's excellent staff has been constant. He has been proud to serve with them and emphasized the reputation MDARD has for being there to serve our communities. The agriculture sector is alive and well, our food is both safe and abundant in this state, and we are fortunate to have a Governor who recognizes the importance of the agriculture sector. Over the eight years, difficult times have been endured with 40 percent of the department's budget being removed. Positive actions were implemented regarding regulations. Labor remains an issue and he encouraged the Commission to continue making it very clear to the Congressional Delegation that the agriculture sector needs a secure labor force. He noted that issues will continue with plant and animal health and invasive species, and the Food Safety Modernization Act will pose multiple challenges as it moves forward. He is very happy to have had the opportunity to participate with all of the Commissioners and interact with the department.

For today's meeting, he asked the people who are accomplishing all of the good work in northwest Michigan to share with the Commission details of their various groups and programs – all of which work together to create such a great agricultural arena.

**BUDGET UPDATE: Gordon Wenk, Chief Deputy Director**

Mr. Wenk reported the MDARD Fiscal Year (FY) 2015 budget request is currently under review by the Governor. The department requested funding for six priority items, and a separate joint request was submitted by the Quality of Life (QOL) departments under the Michigan Department of Natural Resources (MDNR).

The Food and Dairy Safety Initiative would support additional inspectors and support staff. Funding would be used to improve current metrics related to the compliance rate at licensed food establishments from 57 percent to 90 percent.

The updated Information Technology (IT) Inspection, Licensing, and Mobile Worker Enhancement Project would support an IT upgrade by replacing 20 legacy licensing and inspection systems utilized by various divisions. This would improve customer service (24 hour online access) and increase efficiency for the inspection staff.

Building operations and equipment funding for the Laboratory Division is needed because it is not supported by Department of Management and Technology (DTMB) operations staff as are other buildings. Aging facilities require repairs, which can be expensive and equipment replacement pieces can range from \$10,000 to \$500,000. In response to question from Commissioner Coe, Mr. Wenk advised operations and maintenance costs for MDARD's Laboratories continues to rise and programs and equipment function are being stressed because of previous budget cuts. The department has asked DTMB to conduct an analysis of their assuming responsibilities for operations and an independent process review has been conducted to help move forward. Because other State of Michigan labs are facing the same challenges, DTMB is also reviewing the potential of one facility to house all laboratories for the state.

Continuation funding was requested to support the Pesticide and Plant Pest Management and Qualified Forest Programs, as well as the Strategic Growth Initiative. A decision document was submitted on the proposed QOL Invasive Species Initiative which could bring MDARD five additional employees.

The requests totaled about \$8.3 million and preliminary indications from the Budget and Governor's offices are positive. The actual numbers will be revealed in the Governor's budget early next year.

**LEGISLATIVE UPDATE: Gordon Wenk, Chief Deputy Director**

Mr. Wenk reported the Feed Law, on which the department and various stakeholders have been working for several months, was introduced by Representative Joel Johnson as House Bill 5180. House Agriculture Committee hearings are planned during January. The bill makes numerous changes to the Michigan Feed Law and the industry supports the fee increase included in that bill. In response to inquiry from Commissioner Kennedy, Mr. Wenk advised the current feed license is \$25 and the new license will be \$100, which has not been raised since 1975; feed tonnage was \$.13 per ton and will be \$.30 per ton; 60 percent moisture feed will be \$.15 per ton; and there would be a late fee of \$50, or 10 percent of the amount.

Senate Bill 332 was signed by the Governor. This bill allows limited phosphorous application if it is a part of biosolids or natural fertilizer. It is now PA 151 of 2013.

House Bills 4622 and 4792 would allow more flexibility in the process of changing drain boundaries. These bills should go to the Governor this week.

House Bill 4546, which allows changes to the Potato Commission composition and assessments, is also expected to be forwarded to the Governor this week.

**NORTHWEST MICHIGAN HORTICULTURE RESEARCH CENTER: Dr. Nikki Rothwell, District Horticulturist and Northwest Michigan Horticulture Research Center Coordinator**

Dr. Rothwell welcomed the Commission and the Director to the Northwest Michigan Horticulture Research Center (NWMHRC) for today's meeting. NWMHRC is the hub of commercial fruit activity in the northwest Michigan area, which covers five counties, and also serves fruit growers statewide.

NWMHRC is the only station in the Michigan State University (MSU) system that is grower owned, making it very unique. In the 1970's, cherry growers recognized the unique growing conditions in northwest Michigan that warranted a research station of its own. A new model was formed on how research stations would be operated. The grower-owned station is advised by a foundation board and the 100-acre facility is leased to MSU for one dollar per year. In return, MSU provides salaries for the small (six full-time employees), but mighty team of employees at the station. Being housed in the community it serves makes that model very effective, especially in responding to grower needs and providing an effective interface with MSU campus colleagues.

Research is conducted at the station on a breadth of topics and disciplines. Approximately 60 percent of that research is conducted on tart cherries. Sweet cherry,

apple variety trials, and experiments with high density irrigation and fertilization are also being conducted. Their board is well aware of the changing spectrum of agriculture in northwest Michigan, so wine grape and hops research is also included. Worldwide, the majority of tart cherry research is produced by NWMHRC, which is a critical topic with Michigan producing 75 percent of the tart cherries in the country.

Based on a recent needs assessment, key items in the technology arena are needed to ensure the station keeps their growers on the cutting edge.

Commissioner Coe emphasized the station is a vital part of the agricultural community in the area. There previously was a small line item in MDARD's budget to help support the station; however, during the lean times, that small amount was removed from the budget and it is unlikely it will be restored. Dr. Rothwell advised those state funds were very important to the station for infrastructure needs. Although MSU supports them with operating dollars, when something physically breaks at the station, it now is a considerable challenge for the board and foundation to make those needed repairs. In 2006, the board initiated an annual campaign to raise funds for the station, which demonstrates the growers' commitment to NWMHRC.

**FARMLAND PRESERVATION ACCOMPLISHMENTS – NORTHWEST MICHIGAN  
CONSERVANCIES: Brian Bourdages, Farmland Program Manager, Grand Traverse  
Regional Land Conservancy; and Tom Nelson, Director of Farm Programs, Leelanau  
Conservancy**

Commissioner Coe advised farmland preservation is an area of which they are particularly proud in northwest Michigan and people from adjacent counties were invited to speak today about the program in their areas.

Mr. Bourdages advised the Grand Traverse Regional Land Conservancy (GTRLC) was founded to serve the work in Benzie, Manistique, Grand Traverse, Kalkaska, and Atrium Counties. Through the GTRLC Farmland Program, over 7,000 acres of family-owned farms are protected and on-going assistance is provided to the Peninsula and Acme Township Programs. GTRLC owns Dry Hill Farms at C.S. Mott Arcadia Dunes, which is being resold to local fruit farmers. Two farms are held, Maple Bay Farm, with a local farmer residency program, and Misty Acres Farm, on which an MSU grass-fed beef program is operated. They recently adopted the FarmAbility Program model, which essentially is a private P.A. 116 type program. As stated by Dr. Tom Daniels, Ph.D., from the University of Pennsylvania, "Peninsula Township has forged the leading local farmland preservation program in Michigan and is one of the most successful township-level land preservation programs in the United States."

Mr. Nelson advised the Leelanau Conservancy was founded over 25 years ago and nearly 5,000 acres of family-owned farms are protected in this important area of the northwest Michigan fruit belt. Since 2009, over 6,000 acres have been enrolled in the ten-year temporary FarmAbility Program, which has become a stepping stone for many growers to permanent conservation. There are entry-level entrepreneurial farmer leases on the DeYoung and Swanson farms, which are helping to fill the gap in access to affordable farmland, and they have forged a farm-forestry partnership with the Leelanau Conservation District to provide extra revenue for farmers. The Conservancy could not

have been successful without the great partnership efforts provided by NWMHRC and MSU Extension.

There is a very rich farming tradition in Leelanau County, which transitioned from potatoes to fruit over the years and the abundant active farmland in Leelanau County is a major driver of the economy in the region. There is a real threat to farming because the price of land has become disconnected from the commodity that is growing in the area due to the development value for resort properties and second homes. When you consider the effect of the cost of land as you progress from \$2,500 to \$8,000 per acre (which is actually what people are willing to pay), once \$4,000 an acre is reached, production of cherries can only be profitable at the high end of \$0.30 per pound. This disconnect threatens not only profitability, but generational transfer and access to affordable farmland; new farmers are unable to compete and actually cash flow a crop. This is a focus through conservation efforts to remove that development premium to make land affordable to position the next generation. Toward that end, people are equally important as the land, and he noted numerous examples of farming partners with whom they have worked over the last ten years.

The protected farmland in Leelanau County was demonstrated on various area maps, depicting how larger and larger plots of land are being preserved. Fragmenting the great productive farmland with several incompatible uses makes it difficult to farm. In 2008, they made a commitment to the farming community they would ramp up their efforts and an impressive network of farms has been built – keeping the area strong in terms of a climate for a continued agricultural industry.

Mr. Bourdages reviewed an image of Peninsula Township conservation projects. Because of the incredible beauty of the area, it was faced with significant pressure for conversion of farmland for developed use much sooner than other areas in the region. In 1994, a local tax was passed to develop a fund to purchase conservation easements on farmland. In 2002, they increased and extended that program. There is radically more interest in the program than dollars available. In total, more than one half of the township land is now identified for land preservation and a great deal of diversification and reinvestment in high density plantings, wine grapes, and hops has resulted.

Of the identified active farmland in Acme Township, nearly 50 percent will soon be preserved. Because current funds do not meet the demand, it is hopeful upcoming tax proposals will be successful. Throughout the remaining townships, they adopted the basic FarmAbility Program model and added two components, including a \$500 grant for MAEAP related activity on a farm and a \$500 grant for activities related to food safety. There also is a \$1,000 matching fund available for any succession planning those families complete.

There are various threats to agriculture in Michigan's northwest Lower Peninsula, including lack of access to affordable farmland, lack of succession planning for generational transfer, lack of stable funding for MDARD's Farmland Preservation Program and Michigan Farm Conservation Programs, and an uptick in development pressure. In partnership with MDARD and other stakeholders, proactive steps are being taken by the conservancies to address these issues.

Opportunities do exist and include the recognition of agriculture as a major economic driver in Michigan, a growing awareness of conservation easements for generational transfer, burgeoning local foods movement and new markets, and entrepreneurs in agriculture (specialty crops and value-added production).

Commissioner Coe emphasized the two conservancies in northwest Michigan have been leaders in protecting agricultural land in our state. They have also been very successful in obtaining funds from the local non-farming community who now realize that agriculture is essential to their quality of life. The concepts applied by these conservancies, in particular the FarmAbility Program, set an impressive example that could be effectively applied to other areas of the state.

**FOOD HUB ECONOMIC DEVELOPMENT AND AGRICULTURE SECTOR ACCOMPLISHMENTS – NORTHWEST MICHIGAN COUNCIL OF GOVERNMENTS: Susan Cocciarelli, Coordinator, Agriculture and Food System Sector Alliance, Northwest Michigan Council of Governments**

Ms. Cocciarelli advised she works very closely with the other organizations who are presenting today in developing various components around the opportunities available in the region, creating a very integrated system. She shared the initial plans and accomplishments toward food hub economic development in northwest Michigan.

Since 2005, a regionally focused farmer to consumer economy has taken shape. Smaller farms are growing in number and many of the area's small and mid-sized farmers are finding it increasingly difficult to get product into highly competitive markets. This requires a much more responsive and reliable infrastructure. She shared the progress in the last few years to enhance that infrastructure through a planned strategy to co-locate components of a food value chain – aggregation, packing, distribution – as well as how to jump start some innovative food production businesses in what they are calling a food innovation hub. Their overall project goals were to establish a physical site to accommodate a food hub and develop a sustainability plan for its operations.

In 2009, the Grand Traverse Regional Food and Farming Network coordinated the process of determining the feasibility for, and if determined viable, to oversee the development of a regional food hub for small and mid-sized farms. During 2012, Market Ventures published a feasibility analysis which indicated such a food hub could be supported by existing consumer spending. Following a detailed proposal, the Food System Sector Alliance received an MDARD Value-Added Grant to launch a food hub.

Accomplishments from December 2012 to February 2013 included a Community Development Block Grant proposal to the Michigan Economic Development Corporation (MEDC), on-going discussions to diversify financing of a building, collaboration on the U.S. Department of Agriculture (USDA) Farm to Institution Grant, and a capital access and financing collaborative was formed.

In the spring of 2013, the Northwest Michigan Farm Consortium was formed and food hub infrastructure, operations, and commerce were realigned, expertise-driven in-service training was conducted for the advisory board, and an alternative building site was

pursued. During the summer of 2013, the Grand Traverse Food Shed Alliance (GTFSA) was incorporated in the State of Michigan. Later in the year, GTFSA and the food hub mission were delineated and data was gathered for food hub viability. Currently, a memorandum of understanding is being executed between the 1610 Barlow property and GTFSA that would co-locate GTFSA operations and Cherry Capital Foods, which is the distribution company. This will create a hub for innovation in agricultural food businesses, as well as open opportunities for reaching region rural markets.

Another milestone is that GTFSA has initiated the Northwest Michigan 20-20 Fund, which is a collaborative of lenders, farmers, technical assistance providers, and farmland experts to provide capital through lenders to address and bridge the gap in financing.

The GTFSA project portion is approximately 13,000 square feet of the Barlow Street property, in which they will oversee the food system businesses within that space and engage in relationships with Cherry Capital Foods that meet their mutual missions of innovation and access to good foods. Six tenant leases are in process, which will include aggregating products, processing foods, and two prototype business models.

By next month, GTFSA will provide MDARD with a cost analysis throughout the value chain. This will include factors that influence prices and implications for other market channels. They will also provide information from the businesses on the relationship value of the business partnership, a complete business plan, and five-year cash flow projections.

The existing GTFSA regional food system map was discussed. Although it appears complicated, it represents a solid business relationship among those in that value chain. The competitive space within which farms to distributors operate has grown significantly. Transparency is occurring, and yet protecting business propriety information can cause tension. The answer has been GTFSA's determination to move product from farms into Traverse City schools – businesses have willingly come to the table to coordinate that program. Their final business report has calculated both quantitative and qualitative values to provide for capturing of data across the system, which then can be shared with all parts of that system.

In response to Commissioner Coe, Ms. Cocciarelli advised she is with the Northwest Michigan Council of Governments by way of the MSU Regional Food Systems. Dollars from the various grants she was able to obtain have helped finance the GTFSA project. MDARD's Value-Added grant ends January 30, 2014. They have been building toward sustainability through the GTFSA business model.

Commissioner Coe noted these efforts are a prime example of how agriculture is progressing in a very positive way in the northwest Michigan region.

### **RECESS AND RECONVENE**

Chairperson Kennedy recessed the meeting at 9:50 a.m. for a brief break. He reconvened the meeting at 9:57 a.m.

**NORTHWEST MICHIGAN FOOD NETWORK ACTIVITIES: Bill Palladino, Senior Policy Specialist, Michigan Land Use Institute**

Mr. Palladino advised the Northwest Michigan Food and Farming Network (FNN) is working to build northwest Michigan's agricultural future. It is comprised of leaders, organizations, and businesses in the sectors of farming, health, economic development, land conservation, school food, retail, and local food economy initiatives in a ten-county region in rural Michigan.

Co-convened by the Michigan Land Use Institute (MLUI) and MSU Extension, the goal of FNN is that by 2020, the region's food and farming systems are more resilient and provide at least 20 percent of the region's food. Numerous businesses and institutions in the area have embraced that goal. FNN meets approximately ten times each year and half of those are business meetings with various project team reports. The other half of the meetings are information/education focused with speakers of interest and general updates from around the region. Although there is no budget and no funding, FNN establishes goals, creates project teams, measures progress, and coordinates food and farming activities around the region.

One major event is facilitated each year, which is the Food and Farm Summit. They receive updates from the major sectors in the region and identify needs of the food and farming community. For 2014, it will be coordinated with the Northwest Michigan Small Farm Conference and will be held January 31 through February 2, 2014.

Underlying project considerations include think big; consider the consumer in all planning and design; create real, measurable value for Taste the Local Difference (TLD) (the prime regional marketing project) in the community, for producers, food purveyors, and the consumer; and design metrics into each component from the beginning. By applying a professional, consumer-oriented brand to local food products, and later a marketing campaign, FNN will be able to measurably increase the purchase of local foods across northwest Michigan.

Through several pilot programs, FNN will test various hypotheses regarding the effectiveness and viability of TLD as a local food brand and shifting to a "pull" market from a "push" market. Their approach includes local retailers, producers, wholesalers, restaurants, and institutions. Several assumptions will be tested including the physical brand itself (well designed with qualitative and geographic qualities); partner brands (used similarly, but with independent emphasis); the question of quality (ensuring basic quality assumptions for products); and the question of local (providing consumers with critical information to assist them in making that decision for themselves).

A "shelf-talker" branded logo will be generated to strongly emphasize the distance between the farm and where the consumer is standing at the point of purchase. Additional information about the producer will be accessed by calling a TLD representative, going to the online database, through the iPhone app, or by scanning the QR code. Marketing materials will be designed with consumer buying decisions in mind and fitting a level of quality that other retail branding elements present.

The market test involves applying the branded shelf-talker to a market-basket selection of 50 northwest Michigan products, which will encompass a broad collection of products grown and made in the area. It is proposed that the data represented in the past by the singular print version of the TLD Food Guide will be made more effective by creating multiple, sub-regional publications focusing on specific consumer needs. The TLD program came directly from the FFN group as a solution on how to get people to purchase more local food. They are very excited about its potential.

Commissioner Coe noted countless hours have been spent to bring the program to this point and they have solved the ongoing issue of how to make both the consumer and the retailer part of the program. It is unique work and results will be very interesting.

**NORTHWEST MICHIGAN AGRICULTURE SECTOR ACCOMPLISHMENTS: J. Robert Serrine, Ph.D., Community Food Systems Educator, Greening Michigan Institute, and Affiliate, MSU Center for Regional Food Systems**

Dr. Serrine advised he would be providing an overview of what the other presenters have talked about today in terms of economic development for the region. None of this has happened without the organizations working together – their collaborative efforts have been crucial to the success of what is being coordinated in northwest Michigan.

Traverse City tops the list in various media advertisements – top five foodie towns in America; top ten places to enjoy local wines; six best cities for a bike vacation; top ten foliage destinations; top three emerging beer towns in the USA; top ten charming small towns; top ten beach towns in American; etc. The initial underlying causes for this are the assets in the region, namely its beautiful environment, history of the region, agriculture in the area, and various attractive social events. They are all crucial for strong economic development. There also exist underlying trends, including local sourced foods, healthy children’s meals, and environmental sustainability, as well as a community food system based on relationships.

There is an overall goal of increasing the farmers’ share of the food dollar by diversifying the market chain. The traditional concept of business as a “winner takes all” contest is giving way to a realization that in the networked economy, companies must both cooperate and compete. Termed “co-opetition,” this new perspective requires companies to create business strategies that capitalize on relationships in order to create maximum value in the marketplace. The success of most businesses is dependent upon the success of others, yet they must compete to capture value created in the market and protect their own interests.

A food innovation district is a geographic concentration of food-oriented businesses, services, and community activities. Districts like these, when supported through local planning and economic development initiatives, can promote positive business environments, spur regional food system development, and increase access to local food.

Various programs, as we have heard today, have been implemented to enhance that local collaboration. In addition, the Northwest Michigan New Farm Program was instituted because, although agriculture is the second largest industry in Michigan, it is

increasingly difficult for younger farmers to enter into the profession. A two-year series of leadership programs is planned to address the issues and ensure that agriculture has a voice in their region.

Other programs include the Double Up Food Bucks Program, FarmAbility, and Fair Food Network. Also, multiple members in the Farm to School Program are increasing consumption of local fruits and vegetables in schools. Buy-in from non-farming organizations is vital. The Traverse City Area Chamber of Commerce has a new policy that requires at least 20 percent of food at its catered events come from local sources, and encourages other chamber business members to do the same.

Commissioner Coe advised those who suffered through the reorganization of MSU Extension have had numerous conversations around the networked food system concepts. Dr. Serrine ensures that MSU is at the table for each of the groups and brings the expertise that can assist with their various programs. He thanked Dr. Serrine for all that he does for the area.

**PROPOSED MICHIGAN TREE FRUIT COMMISSION: Mark Miezio, President, Leelanau Horticultural Society (information only)**

Mr. Miezio advised he is a member of the interim Tree Fruit Commission, which is a nine member grower panel. A fruit research taskforce, consisting of MSU faculty and staff members and the tree fruit industry, reviewed the budgets, staffing, and operations of the various MSU fruit research and MSU Extension centers. Their spring 2013 findings revealed that research from each of the centers impacts growers statewide and there is an interconnectedness that is key to all four stations. Further, the centers are struggling to meet the needs of the Michigan fruit industry because of personnel and financial challenges over the past decade due to an over 50 percent reduction in funds. All four centers face serious negative consequences if budget reductions continue. Each has significant infrastructure needs and older plantings that require outdated production and management methods. Overall, commitments to existing projects and the ability to compete for grants and contracts are being threatened.

Steps must be taken to chart a course that addresses the priorities of Michigan's tree fruit industries. The Michigan Apple Committee, Michigan Cherry Committee, Michigan State Horticultural Society, and Michigan Agricultural Cooperative Marketing Association are asking growers to consider a plan to address this issue by implementing a sustainable funding source. Research has been key to the success of the tree fruit industries in Michigan. Our climate is unique and our growing regions are different from other parts of the country. Research stations and programs in Michigan ensure industry needs will be met into the future. This will not eliminate research already being funded by these organizations, but will actually supplement those programs.

They have taken a three-part approach. Deemed as the key strategy in moving forward, a formal Michigan Tree Fruit Commission (Commission) has been proposed to meet the research needs of the apple, cherry, peach, and plum industries in Michigan. The Commission would utilize the P.A. 232 Program system in a proactive approach to meet the needs of the collective tree fruit industries through support and funding of research. It is hoped between \$500,000-600,000 could be raised from the tree fruit industry. The

proposal would require approval of 50 percent of the tonnage and 50 percent of the farms.

Growers would drive direction of the Commission and all the funding. Nine board members from three districts would represent tree fruit growers. Assessment funds would be leveraged with state and federal funds.

The second part of the approach involves taking the funds raised through the P.A. 232 Program and working with the Legislature and the State of Michigan to match those funds dollar for dollar. The third part is a memorandum of understanding (MOU) with MSU.

Commissioner Meachum reported the situation at the Southwest Michigan Research and Extension Center is dismal – they have to use reserve funds even to pay utility bills. He and other concerned growers want to take ownership of the situation and funds could be left in their hands for delegation, with oversight from MDARD. To date, he has not heard a negative comment to the proposal and hopes they can keep the research stations alive with sufficient resources to attract more researchers in the future.

**EXPANDED ANTLER POINT RESTRICTIONS: Dr. Nikki Rothwell, District Horticulturist and Northwest Michigan Horticulture Research Center Coordinator**

Dr. Rothwell reviewed the Preliminary Study to Estimate Deer Damage in Northwest Michigan Orchards, noting it was initiated by the Leelanau Horticultural Society in response to potential expansion of the MDNR Quality Deer Management (QDM) program beyond Leelanau County and with the objective of estimating the impact of deer damage in cherry orchards in Leelanau County.

The 2013 study was developed based on a grower survey, a small-scale damage survey in four-eight year old cherry trees, and an overall economic analysis. Paper surveys were distributed at the Northwest Orchard and Vineyard Show in January of 2013. The 39 respondents included growers from the four northwest counties, who were asked to estimate damage from buck rubs, deer browsing, overall deer damage to trees, and the resulting estimated monetary loss.

The preliminary data indicated over 40 percent of cherry growers and nearly 60 percent of apple growers in Leelanau County reported browsing evidence. Those growers indicated less than 10 percent estimated damage in cherry orchards and nearly 30 percent damage in apples. In Antrim County, the only one grower reporting indicated browsing damage of nearly 80 percent in both the cherry and apple orchards, with damage of 10 percent and nearly 20 percent respectively. Buck rubs reported from Benzie and Grand Traverse Counties (Old Mission removed), and the Old Mission Peninsula were over 80 percent in apples and cherries, over 60 percent in cherries and 95 percent in apples, and approximately 60 percent in both types respectively. In those same areas damages reported from cherry growers were nearly 60 percent, approximately eight percent, and about five percent respectively. And from apple growers, damage reported was nearly 60 percent, 50 percent, and five percent respectively. This represents data collected from the survey, which then needed values assigned.

There is a perception in the hunting community that the growers are vastly overestimating the amount of deer damage in their orchards. An economic analysis of the damage observed in 11 randomly selected orchards in Leelanau County was compiled by Mollie Woods, an MSU Agricultural Economist. In general, grower estimates of deer damage are in reality less than the actual amount of damage observed. Deer are definitely a problem for the growers.

Based on an economic analysis, growers could be losing more than \$6,145 per acre from deer damage. However, it is noted this study is preliminary and the sample size was small. A more robust study is needed to draw further conclusions about the impact of the QDM Program and Antler Point Restrictions in Leelanau County.

Commissioner Coe advised there is a difference of opinion between the growers and MDNR. He believes the hunters as well are in some ways unhappy with the QDM program. MDNR reported from the three-county northwest area, there was a 40 percent reduction of takings of deer this year. We know there is an over population of deer and we need to continue these studies to demonstrate the economic impact of deer damage. MDNR is not managing the deer habitat on state forestland and a deer habitat on farms has been created in that absence. He encouraged that the dialog continue to address the deer population problems and suggested MDNR provide funding toward various efforts, including a more in-depth survey.

### **COMMISSIONER ISSUES**

Commissioner Coe thanked each of the presenters for joining the meeting today and presenting what is being accomplished in the region.

He advised the Commission has before them proposed comments to be submitted to the Environmental Protection Agency (EPA) regarding proposed revisions to Michigan's Clean Water Act Section 404 Program, known as the Michigan Wetlands Program.

The Director advised the comments must be submitted to EPA by December 18, 2013, and if any of the Commissioners have additional suggestions for the document to submit them to Cheri Ayers before that time. Commission Meachum will review the document with the Michigan Blueberry Growers Association for review and any potential comments.

**MOTION: COMMISSIONER MEACHUM MOVED TO SUBMIT COMMENTS ON THE EPA PROPOSED REVISIONS TO THE MICHIGAN WETLANDS PROGRAM ON BEHALF OF THE COMMISSION AS PRESENTED. COMMISSIONER KENNEDY SECONDED. MOTION CARRIED.**

### **PUBLIC COMMENT**

**Brian Bourdages, Farmland Program Manager, Grand Traverse Regional Land Conservancy**, mentioned in regard to the Antler Point Restrictions, one of their staff, the former Damage Scout for MDNR in the region, concurred there is a management issue. We are having a real issue in our natural resources world in terms of deer damage on sensitive land and threatening endangered species. The Conservancy is doing what it

can for its farmers, such as block hunting permits to help manage the deer population. Those in the hunting world are seeing the benefits of programs like “earn a buck” and he has friends and relatives making trips to Illinois to take advantage of that program there. Michigan is losing hunters and it appears MDNR is not taking notice. There is an opportunity to have a broader discussion with the environmental community who share those concerns.

Commissioner Coe added there also is a public safety issue because farmers are disobeying MDNR laws and taking additional deer from their property, which puts Conservation Officers in direct confrontation with the farming community. The deer population is definitely an issue that deserves ongoing attention by the Commission.

**Bill Palladino, Senior Policy Specialist, Michigan Land Use Institute**, advised that Commissioner Coe’s leadership in the agricultural and business communities of northwest Michigan has been instrumental in much of what was presented today. His tenure on the Commission of Agriculture and Rural Development has been incredibly important for northwest Michigan and he expressed his appreciation to Commissioner Coe for that outstanding leadership.

Commissioner Hanson noted she has enjoyed getting to know Commissioner Coe, appreciates all he has done for the Commission, and will miss him. The other Commissioners strongly concurred.

## **ADJOURN**

**MOTION: COMMISSIONER KENNEDY MOVED TO ADJOURN THE MEETING. COMMISSIONER HANSON SECONDED. MOTION CARRIED.**

The meeting was adjourned at 12:06 p.m.

### Attachments:

- A) *Agenda*
- B) *Agriculture and Rural Development Commission Meeting Minutes November 6, 2013*
- C) *Director Jamie Clover Adams – Issues of Interest Report*
- D) *Legislative Status – December 2013*
- E) *Farmland Conservation in the Grand Traverse Region: A Brief Look at Recent Efforts*
- F) *Grand Traverse Foodshed Alliance*
- G) *Taste the Local Difference in Northwest Michigan*
- H) *Economic Development in the Agri-Food Sector: A Case Study from the Grand Traverse Region*
- I) *MSU Fruit Research Centers 2013 Taskforce Report*
- J) *Michigan Tree Fruit Commission Brochure*
- K) *Michigan Tree Fruit Commission Draft Bylaws*
- L) *Preliminary Study to Estimate Deer Damage in Northwest Michigan Orchards Presentation*
- M) *Draft Comments Docket ID: EPA-HQ-OW-2013-0710 Re: Michigan’s Clean Water Act Section 404 Program*