

MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT

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

MEETING MINUTES JULY 22, 2014

PRESENT:

Diane Hanson, Chairperson, Michigan Commission of Agriculture and Rural Development
Trevor Meachum, Vice Chair, Michigan Commission of Agriculture and Rural Development
Fred Walcott, Secretary, Michigan Commission of Agriculture and Rural Development
Bob Kennedy, Past Chair, Michigan Commission of Agriculture and Rural Development
Dru Montri, Member, Michigan Commission of Agriculture and Rural Development
Jamie Clover Adams, Director, Michigan Department of Agriculture and Rural Development

CALL TO ORDER AND ROLL CALL

Chairperson Hanson called the meeting of the Commission of Agriculture and Rural Development to order at 9:00 a.m. on July 22, 2014. Commissioner Walcott called the roll with Commissioners Hanson, Kennedy, Meachum, Walcott, and Montri, and Director Clover Adams present.

APPROVAL OF AGENDA

MOTION: COMMISSIONER WALCOTT MOVED TO APPROVE THE MEETING AGENDA FOR JULY 22, 2014. SECONDED BY COMMISSIONER KENNEDY. MOTION CARRIED.

INTRODUCTIONS

Commissioner Hanson welcomed participants of the Quality of Life (QOL) Leadership Academy who were attending today's meeting: Carin Sodeman with the Michigan Department of Environmental Quality (MDEQ), Tracie Bonner with the Michigan Department of Natural Resources (MDNR), Christina Campbell with MDEQ, Sharon Conley with MDEQ, Matthew Lincoln with MDNR Parks and Recreation, Ryan Blazic with MDEQ, David Caroffino with MDNR Fisheries, and Cheri Meyer with MDEQ.

APPROVAL OF MAY 28, 2014, MEETING MINUTES

MOTION: COMMISSIONER MEACHUM MOVED TO APPROVE THE MAY 28, 2014, MEETING MINUTES. SECONDED BY COMMISSIONER KENNEDY. MOTION CARRIED.

NEXT SCHEDULED MEETING

The next scheduled meeting will be held on Wednesday, September 17, 2014, at Constitution Hall, 525 W. Allegan, Lansing.

COMMISSIONER COMMENTS AND TRAVEL

Commissioner Walcott advised crops in his area look very good, with timely rains following a wet start to the year. Wheat harvest is well underway. The vegetable and fruit growers were relieved the bees arrived when needed. His only Commission related travel was for today's meeting.

Commissioner Kennedy advised he had no Commission related travel. Crops in his area are behind due to the very wet conditions and about one-half of the wheat crop was lost in the region because of frost or damage from ice. The wheat that is being harvested is decent and yield is expected to be average. Also, due to wet spring weather, the area lost about 15 percent of its corn acreage. Overall, crops are beginning to recover.

Commissioner Meachum reported his only travel was for today's meeting. Crops are average in his area. Each crop seems to have challenges, whether from the cold spring, untimely rains, hail, high winds, or the 2.9 inches of rain received in 32 minutes recently. There are many fields low in nitrogen because the rains pushed it through. It is shaping up to be a year to forget, but hopefully, things will improve.

Commissioner Montri reported her Commission related travel is for today's meeting. She will be participating in the Urban Livestock Workgroup meeting to be scheduled in September. Hoop house production is progressing well, even with the cool, wet season. Farmers markets are off to a great start across the state.

The Michigan Farmers Market Association is hosting three farmers markets on the Capitol lawn and she invited the Commissioners and others to join those events to be held July 31, August 28, and September 25. These are great events that showcase the wide diversity of Michigan food and farm products.

The Michigan Farmers Market Association is visiting farms through several scheduled field days, which is a great opportunity to bring farmers together to learn about practical issues such as drip irrigation and refrigeration cooling.

Commissioner Hanson reported it has been very cool in the Upper Peninsula (UP), with morning temperatures as low as 36 degrees recently. Because of spring rains, farmers had a difficult time planting crops and harvesting hay. In contrast, a recent dry spell is requiring some irrigation. Overall, crops are doing well in the UP. Prices for cattle have been good, being \$1.20-1.30 per pound. Her only Commission related travel was for today's meeting.

The UP State Fair will be held August 11-14 in Escanaba. In May, she met with the Michigan Department of Agriculture and Rural Development's (MDARD) Mike DiBernardo and Donna LaCourt and Mark Pontii from Verso Paper Mill to discuss the mill's issues. She joined two meetings held with the Delta County Commissioners related to Michigan State University (MSU) Extension operations and it appears they will fund those operations for another year. Chatham Experimental Station is hosting an open house on July 26, as well as the inaugural meeting of their Agriculture Council.

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

DIRECTOR'S REPORT

Director Clover Adams introduced Ken McFarlane, MDARD's new Director of Strategy and Business Performance. Ken is a Michigander, but spent ten years in Nevada as a civil engineer. The department is very pleased to have Ken, who will be assisting with MDARD metrics and other transformational projects.

In early June, she hosted her colleagues for the Midwest Association of State Departments of Agriculture (MASDA) Annual Meeting in Traverse City. It was a very successful meeting and many positive comments were received. Tours for the group showcased several of Michigan's food and agriculture operations in the area.

The department, along with the other QOL agencies, hosted a Farm Bill Conservation Coalition group meeting, including stakeholders of agriculture, conservation, non-profits, foundations, and land conservancies, to discuss the U.S. Department of Agriculture (USDA) Regional Conservation Partnership Program, which is part of the new Farm Bill. The pre-proposals were due July 15 and USDA will invite those applicants from which they would like to see more detail to submit a full proposal. Many of the excellent proposals were discussed during the MASDA meeting and it will be an excellent competitive process.

She has initiated an outreach effort through speaking engagements with various community groups around the state to highlight the food and agriculture industry. The three main points emphasized are what the sector represents in their area, agriculture is a very high-tech industry, and many talent needs and opportunities exist. She shares the *Michigan Agriculture* magazine, as well as a recently crafted informational card which lists general industry facts on the front, and food and agriculture facts by that area's respective prosperity region on the reverse side.

Continental Dairy Facilities of Coopersville was chosen as the Michigan Agriculture Exporter of the Year for 2014. They were honored during an event held last month, which enjoyed both a good crowd and excellent media coverage. As the market for dairy products continues to expand, their operation is growing significantly and 70-80 percent of their production is now being exported.

The Michigan Agriculture and Food Index was announced during the Ag Expo Breakfast this morning by Dr. Chris Peterson, Director of the MSU Product Center for Agriculture and Natural Resources. MDARD will be emphasizing this data on its social media sites. She shared with Commissioners an infographic highlighting content of the index. The mood remains very upbeat around the agriculture economy, which has helped to create a better outlook for the state's overall economy.

The department has established the Urban Livestock Workgroup and the members represent a good cross section of the industry, including food hubs, small livestock growers, small commercial operations, one large livestock facility, farmers markets, and

city and township government. This will provide a holistic perspective of the topic. The group will be meeting in September, with subsequent meetings following the harvest season. The goal is to present recommendations to Senator Hune by March 15 of next year. Services of an outside facilitator, Jo Anna Trierweiler, have been engaged, and MDARD's Dr. James Averill will chair the workgroup.

Commissioner Kennedy asked about the status of the Waters of the U.S. legislation in Congress. The Director advised the comment period has been extended and there is a bill introduced in the House.

DIRECTOR'S TRAVEL

Director Clover Adams requested approval for travel to Korea for the South Korea Trade Mission August 23-29, to Vermont September 10-14 for the National Association of State Departments of Agriculture Annual Meeting, and October 7-9 for the Tri-National Accord in Chicago.

MOTION: COMMISSIONER MEACHUM MOVED APPROVAL OF THE DIRECTOR'S TRAVEL. SECONDED BY COMMISSIONER KENNEDY. MOTION CARRIED.

PUBLIC COMMENT (AGENDA ITEMS ONLY)

There was no public comment relative to agenda items.

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 supervisor at the then Michigan Department of Agriculture and strong supporter of the department's annual employee golf outing, passed away and the annual golf outing and scholarship program was named in his honor. Thanks to the generosity of Dr. Gordon Guyer and the event participants, the fund has awarded 21 scholarships to MDARD employees and their children since 2007, for a total of \$10,500.

The scholarships are awarded to a student who is an employee of MDARD or a child of an MDARD employee attending MSU or enrolled in an agricultural-related program and seeking a Masters, Bachelors, Associate degree, or Certificate. Each of the 2014 winners demonstrated a good academic record, a strong commitment to community and civic involvement, leadership roles in school, work and civic activities, plus an understanding of the importance of fun and enjoyment of the things they do and of the people they know. The 2014 Gene Thompson \$500 scholarships winners were introduced: 1) Jessica Lauterwasser, from Mio who will be attending Colorado State University to study Agricultural Business; Jessica's father Kevin works for the Animal Industry Division; 2) Seth Lyons, from Jackson who will be attending MSU to study Physiology/Pre-Med, was unable to attend today; Seth's father Tim works for the Pesticide and Plant Pest Management Division; 3) Daniel Metiva III, from Owosso who is attending Baker College to study Business Administration was also unable to attend today; Dan works as a Departmental Technician for the Animal Industry Division; and 4) Andrew Trombley, from Commerce who will be attending Saginaw State University to study Bio Chemistry; Andrew's mother Susan works for the Food and Dairy Division.

To assist in raising funds for future scholarships, the second annual Quality of Life Scholarship Golf Outing honoring Gene Thompson (formerly the Gene Thompson scholarship golf outing) will be held on September 19, 2014. The outing will be held this year at the Eldorado Golf Course in Mason, Michigan. The QOL Scholarship Golf outing registration form is available on the MDARD intranet page. The department will gladly find a team for individual golfers wishing to participate and accept prize donations from those unable to attend this great cause. The \$70 registration fee includes 18 holes of golf with cart, goodie bag with a coupon for 9 holes of golf, coffee/donuts, lunch, and a steak dinner. Based upon past outings and new golfers from QOL, this event promises to be a good time and he invited the Commissioners to join the outing.

RECESS AND RECONVENE

Chairperson Hanson recessed the meeting at 9:21 a.m. to provide for a photo shoot with the scholarship awardees. She reconvened the meeting at 9:25 a.m.

BUDGET UPDATE: Maria Tyszkiewicz, Budget Officer

Ms. Tyszkiewicz reported the fiscal year (FY) 2015 enacted budget for MDARD includes a total of \$84.5 million in funding, of which \$45.9 million is general fund. This represents a 13.1 percent general fund increase from the FY2014 budget.

The budget includes the department's request for a food and dairy safety initiative. Included are an additional \$1.2 million general fund support for food inspection and support staff, and \$600,000 for dairy inspection and support staff.

An additional \$321,700 of general fund support is included for the Farmland Preservation Program, of which \$121,700 is new funding and \$200,000 is a reallocation of funding from the Unclassified Salaries line item. Revenue to this program has been declining over the last four years and this increase stabilizes the program to support ongoing operations.

A new line item of \$150,000 in general fund support is included for a new Commercial Forestry Audit Program, which will provide for an audit of best practices for both public and private forestland for water quality and the related forest ecosystem across the state. Together with MDEQ and MDNR, the department will conduct a Request for Proposals to identify an organization to perform the audit.

An increase of \$18,400 of general fund support is included for the County Fair Capital Improvement Grant Program. This competitive grant program supports infrastructure improvements at county fairs. The budget also restores the former Fairs and Exhibitions Grant Program with \$50,000 of general fund support. Competitive grants will be awarded to support promotion, prizes, and premiums for equine, livestock, and other agricultural commodity exposition in Michigan. This grant program had been eliminated in FY2009 due to budget reductions.

There are four set-asides included in the bill, two are direct general fund appropriations and the other two are existing programs. The first is a \$200,000 earmark from the Value Added Grants Program to support a grant to the Food Bank of Eastern Michigan.

Another earmark allocates \$250,000 from the Food and Agriculture Industry Growth Initiative to a regional public/private partnership between Michigan Technological University and a pulp and paper manufacturing operation. The bill includes two one-time appropriations, the first being a \$500,000 general fund support for the Ottawa County Agriculture Incubator. The second provides \$200,000 of general fund support to the Muskegon Farmers Market.

The bill also maintains MDARD's \$2 million one-time funding that was previously included in the Michigan Economic Development Corporation (MEDC) budget to support the Food and Agriculture Industry Growth Initiative.

There also are two programs not in MDARD's budget, but for which the department will receive funding. The Department of Technology, Management, and Budget's (DTMB) FY2015 budget includes a \$3.4 million allocation to support MDARD's upgraded and enhanced licensing and inspection system. The Accela contract has been approved and implementation plans are underway. The Invasive Species Program is a new QOL initiative which received \$5 million in funding. The QOL agencies are coordinating a strategic plan and identifying staffing needs for the program.

In response to inquiry from Commissioner Kennedy, Ms. Tyszkiewicz advised the Invasive Species Program appropriation is in the MDNR budget, and therefore, is not included in MDARD's \$45.9 million general fund.

Commissioner Meachum asked if anything were on the horizon budget-wise. Ms. Tyszkiewicz advised discussions have already begun regarding the FY2016 budget and the department expects to submit its requests to the Budget Office in October.

In response to question from Commissioner Walcott, Ms. Tyszkiewicz advised the audits under the Commercial Forestry Audit Program will be conducted by a third-party organization that will develop the best management practices on both public and private forestland.

FARMLAND PRESERVATION PERMANENT AGRICULTURAL CONSERVATION EASEMENT REQUEST FOR ACREAGE REMOVAL: Rich Harlow and Elizabeth Juras, Farmland Preservation Program, Environmental Stewardship Division; and Andrew Philp, Bay Region Real Estate Agent, Michigan Department of Transportation

Mr. Harlow reported the department received a request from the Michigan Department of Transportation (MDOT) to remove a 3.05 acre parcel from a permanent conservation easement in Saginaw County. The 3.05 acre parcel is needed for critical replacement of two bridges, one over the Flint River and the other over the Birch Run drain.

The conservation easement was purchased by MDARD from Mr. John Leach on March 28, 2000, and protects 243 acres of farmland from development while allowing the continued farming of the land. The landowner recently sold, via land contract, the 3.05 acre parcel to the farmer who had been renting his farm, which is just west of where the bridge repair is planned.

MDARD and MDOT began meeting at the site two years ago to review alternatives for the project. Replacement of the bridges is necessary because they are deteriorating and the position and size of the bridges results in flooding and scouring of the river banks. An onsite visit was very helpful to demonstrate why the bridges should not remain where they are currently located and there are various reasons why the 3.05 acre parcel to the west side of M-13 is critical to the success of this project. The three homes located to the east side of M-13 would have to be removed if the bridge improvements were located within the existing M-13 right-of-way, because the road requires a six-eight foot elevation to accommodate the new bridges. Therefore, the preferred alternative for MDOT and supported by the department is to remove the required acreage from the Conservation Easement to accommodate the bridge project. It also has benefits to the Flint River and the associated hydraulics.

The statute dictates that release of land from a conservation easement purchased by MDARD requires approval by the Commission of Agriculture and Rural Development, the local unit of government, and the Department of Natural Resources.

Commissioner Montri noted one of the letters of support in the information provided indicates the township board is in full agreement. Mr. Harlow confirmed the township to the south of the property in question has approved the project and the township in which the 3.05 acres is located has not yet formally responded. Mr. Philp advised the townships have been invited to participate in each plan review and environmental meeting MDOT has held on the project, and a letter of support was requested. At this point, they have indicated they are neutral to the project.

In response to inquiry by Commissioner Montri, Mr. Philp advised cost estimating is a lengthy process and these two alternatives were close enough to cost them at the same project amount. Cost was not a determining factor in their recommendation.

Commissioner Meachum asked if the prior owner who placed the property in the conservation easement has been contacted and if the three families living there prefer to stay. Mr. Harlow advised Mr. Leach joined them for the onsite visit and although reluctant to release the property, preferred to not disturb the three families located there. Mr. Philp advised those families do prefer to remain in their homes.

In response to inquiry from Commissioner Montri, Mr. Philp advised the different alternatives were explained to the three families, including the purchase process if the project stayed on its current line. If presented with an offer, they would be given at least 90 days to move and the funds to purchase would have come from MDOT. If the 3.05 acre parcel is removed from the conservation easement, these three families can remain in their homes.

Commissioner Montri asked if the department is supportive of the request and if there is concern this might set precedence for future requests. The Director advised the department is supportive of the recommendation, rather than displacing three families. The established procedure of approvals required should provide a substantive decision-making process to deter similar requests in the future. Mr. Harlow pointed out that MDOT could potentially condemn and take this 3.05 acre parcel through legal process.

In the spirit of cooperation, MDOT has been trying to gain the release of the property from the conservation easement in order to complete the project.

In review of the appraisal information provided, Commissioner Meachum inquired about the \$230,000 estimated cost for the right-of-way acquisition, which seems to raise considerable question. Mr. Philp advised that amount includes appraisal and closing costs, staff time, tile and rehabilitation, reimbursement to USDA, and payment to the landowners. Mr. Harlow advised there also are two repayments required when property is removed from a permanent conservation easement: one pays for the development rights being removed and goes to the Agricultural Preservation Fund; and the second involves tax credits associated through the P.A. 116 Program and those attributable to the 3.05 acres must be repaid. The \$230,000 estimate was completed early in the design phase before knowledge of the actual acreage to be purchased was known and is considerably higher than what the actual amount will be. From that estimate, \$6,000-7,000 an acre is for the land itself. Mr. Philp will update the projected costs before the request is presented to MDNR.

In response to Commissioner Meachum, Mr. Philp advised the project is currently scheduled for 2015 construction. In order to accomplish that, the right-of-way control should be certified by late November 2014.

Commissioners Meachum and Hanson requested additional information be provided before the Commission makes its decision, including whether the original landowner and township would provide letters of support for the release of the property, or if they are neutral, an explanation of why they take that position. Commissioner Walcott pointed out if the release is not approved, MDOT will most likely force the acquisition through eminent domain and advised he feels it is an ideal project as presented. Commissioner Meachum advised, since this would be the first release of acres from a permanent conservation easement and deferring to September would not delay the project, he recommended the Commission take further consideration.

Following further discussion, the Commission agreed to defer consideration of the request to their September 17 meeting. Commissioner Walcott commended both departments for working together on this project and bringing it forward to the Commission.

AGRICULTURE LABOR WORKFORCE COALITION UPDATE: Mike DiBernardo, Economic Development Specialist, Office of Agriculture Development

Mr. DiBernardo reported the Agriculture Labor Workforce Coalition continues work on the various items identified to help Michigan attract seasonal migrant laborers. The Coalition participants include commodity groups, Michigan Farm Bureau (MFB), the Workforce Development Agency (WDA), Office of New Americans Director Bing Goei, and MDARD. The next meeting of the Coalition is Monday, August 18, in the Lansing area. He invited Commissioners to join that meeting if they are available. The goal is to deliver a report to Directors Clover Adams and Goei in September covering the three or four areas on which the group has been working.

Separate to this, the department has initiated an effort with IFPTI (International Food Protection Training Institute) to develop a modular-type curriculum that community colleges could offer to meet agriculture and food system training needs. A preliminary report on this effort will be combined with the Coalition's report in September.

The "To Do List" document developed by the Coalition created a prioritized list of identified actions that were presented to the Commission in May. That document has been updated to incorporate actions implemented to date, was communicated to the established ListServ group, and will serve as a tracking document as work progresses.

The first item considered was resolving the conflict between USDA 514 housing loans and the H-2A guest worker visa program to allow H-2A workers to reside in USDA 514 housing, which currently is a restriction within the loan agreements. A request was made from the Governor's Office to Jim Turner of the USDA Rural Development office to provide an exemption; however, that request was denied. The Coalition is now focusing on the option of working with private lenders to refinance the loans in order to release that restriction. This would potentially be facilitated through a partnership with MFB and GreenStone Farm Credit Services. Based on a prior loan legal case, the clear indication is when notes are closed, the restriction is removed. MFB is gathering information on those loans, which average \$50-75,000 per farm, and the preliminary estimate is \$3.9 million total. GreenStone has expressed interest in helping with this effort. Commissioner Meachum suggested informing the agricultural community so this action could perhaps be accomplished through a loan officer contacting GreenStone. Mr. DiBernardo advised they are attempting to gather the information so that GreenStone could potentially make that communication in the near future.

The second item is to improve Workforce Development Agency (WDA) and Agricultural Employment Specialist (AES) services to agriculture employers. In partnership with the commodity groups, the department invested \$10,000 for a public service announcement. Radio advertisements in English and Spanish were sent to Florida, Texas, and other locations to target the potential labor market. In the meantime, as a result of meetings with WDA Director Christine Quinn, answers to several questions as noted in the document were provided and an expedited process has been established. As of Monday, July 14, 2014, all calls from out-of-state agricultural job seekers will be referred to Gerardo Aranda, from Michigan's State Monitor Advocate Office (SMA). The SMA will conduct a phone interview to clearly identify the potential worker's skill sets and other information to determine specific job potential. The SMA office will distribute the caller information to all Michigan AESs through the Michigan Works! network. The AESs will contact agricultural employers in their area that are in need of labor; and if the employer is interested in the family/group, they will be assisted by the AES and the SMA office to process/finalize the Interstate Clearance Order (ICO) within 72 hours to bring the family/group to Michigan. This does not replace the ICO process, but will expedite the process for as many workers as possible. Commodity groups will be encouraged to again contact the local Michigan Works! offices and WDA is committed to the new process. This should also stimulate improved conversation following harvest for implementing other processes over the winter.

Because WDA is prohibited by their federal agreement from promoting employment in other states without an ICO in place, protocols are being established by which the industry would conduct recruitment with guidance from WDA. In conjunction, MFB is developing a postcard to be distributed with advice about work available in Michigan and making reference to the WDA 1-800 number.

These are short-term measures, but an attempt to bring additional workers to Michigan for this harvest season. Through the Coalition, relationships are being rebuilt that will lead to long-term solutions. Although efforts have been initiated in the fruit and vegetable industry, it is realized the labor issue exists in all agriculture entities. It was hoped some immediate success in one sector could be realized and lead to long-term solutions for the entire industry. The Administration is very interested in solving the agriculture labor situation and everything is on the table toward finding those needed long-term solutions.

In response to questions from Commissioner Walcott, Mr. DiBernardo advised that obtaining a state-to-state ICO is a cumbersome process from a producer's perspective, requiring considerable lead time, and Michigan Works! can now assist farmers in expediting that process. There do not appear to be concerns around removing USDA housing loans to allow H-2A worker housing, because the normal process will be followed, looking first at local domestic workers, next those with visas, and finally H-2A workers.

The third item is to promote establishment of a preferred employer program, which is a potential long-term solution. This would be similar to what is being conducted in some other states that have a public/private partnership coordinating labor efforts. If workers could be brought to Michigan for the entire season and be moved from one crop to the next, that would change the dynamic considerably. However, the diversity of needs in Michigan presents particular challenges to this concept. A grant agreement between MDARD and Kimberly Clarke from Varnum Law is in process to research and develop options for a public/private H-2A services entity structure. Ms. Clarke's recommendations will be incorporated into the September report.

The fourth item addresses communications – to improve communication networks that attract agriculture labor to Michigan. One of the short-term actions was the public service announcements, from which we expect positive results. Commissioner Meachum asked if there were any Department of Labor (DOL) issues with recruitment plans. Mr. DiBernardo advised based on the commodity groups funding the radio ads and industry paying for the postcards, the process is operating within the guidelines.

Number five is to coordinate agency efforts to create a welcoming environment for migrant and seasonal labor in Michigan. One of those issues is driver's licenses and Mark Swartz and he are meeting with the Department of State next week to begin that conversation.

The sixth item is to improve living conditions for potentially 68,000 workers not residing in housing licensed by MDARD. Number seven is to improve in-field working conditions. The Environmental Stewardship Division (ESD) is currently conducting additional

housing inspections. In addition, next week ESD Migrant Labor Housing staff will join USDOL and MiOSHA (Michigan Occupational Safety and Health Administration) staff to conduct joint inspections of some off-farm housing not licensed by the department. The objective is to address living conditions in off-farm housing where DOL has legal authority over crew leaders. The intent is to better identify locations of that housing, improve the quality so Michigan is more attractive to migrant workers, and reduce inspection duplication. This is a critical step because if we are to move workers around, they must have housing; this is why various options are being pursued. In response to question from Commissioner Meachum, Mr. DiBernardo confirmed that Mark Swartz and his team have been integral to the inspection process and discussions.

In response to question from Commissioner Meachum, Mr. DiBernardo advised a recent situation with the seed corn industry presents a good example of the current issues. A call was received the Fourth of July week advising that a Florida company was trying to move a number of workers to Michigan to complete de-tasseling work and were experiencing an undisclosed problem with Homeland Security. If the workers could not start on July 4, the company would lose \$8 million a day. Homeland Security simply gave them paperwork and advised to contact them in 15 days. To the credit of our team and Senator Stabenow's office, Homeland Security was contacted, notice to the contractor to recruit new workers was communicated, and the employer lost only two days of de-tasseling production. This was a huge problem that exemplifies why some of the processes need improvement.

The remainder of the items in the document have no action to date, as the first seven are considered to be the items of highest priority. In addition, at the end of the document is a list with suggested legislative action needed.

The Commission requested they also receive an update in September and Mr. DiBernardo confirmed they plan to do so.

RECESS AND RECONVENE

Chairperson Hanson recessed the meeting at 10:27 a.m. for a brief break. She reconvened the meeting at 10:40 a.m.

PORCINE EPIDEMIC DIARRHEA VIRUS (PEDv) UPDATE: James Averill, State Veterinarian and Division Director, and Nancy Barr, Poultry/Swine/Aquaculture Program Manager, Animal Industry Division

Dr. Averill thanked the Commission for the opportunity to provide an update on the Swine Enteric Coronaviruses diseases that are having a major impact on the swine industry nationwide. He introduced Dr. Nancy Barr who is the Swine Program Manager for the Animal Industry Division.

Dr. Barr advised Swine Enteric Coronaviruses include Porcine Epidemic Diarrhea (PEDv) and PDcoV, as well as Transmissible Gastroenteritis Virus (TGEv), Porcine Respiratory Coronavirus (PRCv), and Porcine Hemmagglutinating Encephalomyelitis Virus (HEV). There is no cross protection with TGEV or PDCoV.

In the 1970s, PEDv was recognized in Europe and remains a sporadic disease in those countries. The disease was found in Asia in 1982, has become endemic, and since 2010, has become much more severe with new strains emerging. PEDv was confirmed in the U.S. in May of 2013. The U.S. strain is nearly identical to the Asian strain. The actual source of introduction remains unknown. There was hope early on PEDv would leave some immunity with the herds, but unfortunately, that has not been the case.

The incubation period for PEDv is one-four days and viral shedding can occur from seven-ten days. It causes acute diarrhea that can affect 100 percent of a herd. There is a high mortality rate in piglets less than seven days old. While older pigs usually recover, their immunity is compromised, causing re-infections.

Literally billions of viral particles are shed by infected piglets. Transmission is typically via fecal-oral or fomite, as well as equipment and materials, and potentially aerosol. A considerable amount of time and money is being expended on research of this disease. In controlling PEDv, biosecurity is critical and due diligence is needed. In general, the swine industry has very high biosecurity practices, yet because some of those with the highest level practices are being infected, it is difficult to understand. Research will assist in comprehending how the virus is moving and why certain herds are becoming infected and others re-infected.

We are also seeing a second virus, PDCoV that was recognized in the U.S. in February 2014 and is genetically similar to a virus common in Hong Kong. Mortality rates are less than with PEDv, but there seems to be no immunity protection from PEDv. Much is unknown and research is ongoing with this virus as well.

Data has been maintained since the beginning of the outbreak, with the laboratories reporting accessions, or samples that are received from a farm on a particular day. Currently, 30 states are impacted by positive PEDv accessions, with Michigan having 192 as of July 9. These are not single farms, but single sample accessions. Michigan has 13 PDCoV positive biological accessions.

In response to inquiry from Commissioners Kennedy, Meachum and Hanson, Dr. Averill advised there is no clear indication of how the disease was introduced into the U.S. When you consider disease in general in any species, you look for a causal relationship and the risk leading to the disease. There is some thought that feed may be a potential source. Dr. Barr advised the survival of the virus in the environment is very high and depends upon factors such as temperature (it loves the cold) and organic material. Dr. Averill noted that some producers choose to depopulate an infected barn, disinfect, and heat the area in an attempt to eradicate the virus. Dr. Averill advised growing one's own feed is not an option because all micro-minerals required would not be available.

Swine Enteric Coronavirus diseases affect only swine and are not a food safety issue. However, they can be devastating to the swine industry and may impact international trade. An estimated eight million piglets have been lost, and certainly that will increase. USDA issued a federal order on June 5, 2014, that requires Novel Swine Enteric Coronaviruses to be reported.

MDARD updated the state's Reportable Animal Disease List, which is information shared with MDARD or USDA. This is a very different approach from what USDA has taken in the past in that it does not involve movement controls or quarantine; but, it does require herd management plans on farms with a positive test and clinical signs. USDA emergency funds in the amount of \$26.2 million have been allocated for vaccine research, laboratory testing, cost share for producer biosecurity measures, state cooperative agreements, and private practice veterinarian herd management plans.

MDARD shared this information with the Swine Health Committee on June 9, met with Michigan Pork Producers Association Board members on June 11, has met with the MSU Swine Extension Team, and has informed licensed veterinarians of the new reportable disease.

Michigan received \$92,000 of funding through a cooperative agreement. MDARD is using those funds to work with the industry for commercial herd vehicle biosecurity, veterinarian training, instructing show swine sow herd producers on biosecurity, and providing personnel.

In response to questions from Commissioner Walcott, Dr. Averill advised he had advocated for this not to be a reportable disease because it is not a food safety or public health concern. He complimented the pork industry for the effort and dollars the industry has dedicated to research of this disease. USDA has been receptive to comments on the process and is attempting to minimize the impact on producers. In addition, there definitely are lessons that can be learned from this situation that will be beneficial in any future foreign animal disease outbreak.

BOVINE TUBERCULOSIS (TB) ZONING ORDER: James Averill, State Veterinarian and Division Director, and Rick Smith, Assistant State Veterinarian and TB Program Manager, Animal Industry Division

Dr. Averill advised ten days ago, the department received good news regarding the Bovine Tuberculosis (TB) Program and which the law subsequently requires be presented to the Commission because TB zonal boundaries of Michigan's split state status are changing.

In August 2012, USDA conducted a review of the TB Program, which initiated the process of updating the Memorandum of Understanding (MOU) and submitting a new split state application. Following a successful review, discussions began with USDA Veterinary Services (USDA-VS), during which they requested a risk assessment of the seven counties be submitted for movement to TB Free status. Subsequent to the risk assessment, negotiations with USDA resulted in their agreement for movement to TB Free status for the seven counties with some additional requirements for risk assessment. In April 2014, the split state application was submitted to USDA and USDA recently advised the new split state status would be published in the Federal Register by September 1. The Commission is required to take action on the new Zoning Order 30 days prior to the Director's signing. Once the new Zoning Order is published in the Federal Register, the TB Program will hold public meetings in the areas affected by the change, as well as announcing the change in a number of newspapers.

Dr. Smith reviewed highlights of the new Zoning Order, noting MDARD requested the seven counties that comprise the present Modified Accredited Advanced Zone to be moved to TB Free status. The main change is producers in the seven counties that have a verified Wildlife Risk Mitigation Plan (WRMP) will no longer be required to request movement permits. This will be a significant relief to those producers. Requesting movement permits will be required for those producers who have not developed a WRMP for their farm.

The MOU executed with USDA-VS in March 2014 delineates the TB surveillance requirements between now and April of 2016 in those seven counties. They move to a random surveillance process, frequency of which is based on previous TB activity. In Antrim, Charlevoix, Cheboygan, Emmet, and Otsego Counties, 55 herds per year will be tested on a random basis. Because of heightened concerns in Presque Isle County, 61 randomly selected herds will be tested each year in that area. No tests will be conducted in Crawford County. During discussions planned in April of 2016 (as built into the MOU), it is hoped that at least for the western counties, testing activities could be suspended. WRMP producers do not need to conduct movement testing, whereas, movement tests have been and will continue to be required of those operations not having a WRMP.

In addition to the above mentioned advantages, the status of being TB Free is very important to the producers in the affected Michigan counties.

Dr. Averill noted this will take Michigan from 87 percent of its counties being TB Free to 95 percent, once the order becomes effective. There will be only four counties not being TB Free – Alpena, Alcona, Montmorency, and Oscoda Counties. Bovine TB was discovered in Michigan during the winter of 1994 and it has taken considerable effort by the industry and all involved agencies together to bring us to where we are today with the disease. And although not as rapid as industry would have liked, considerable progress has been achieved.

MOTION: COMMISSIONER KENNEDY MOVED TO APPROVE THE PROPOSED BOVINE TB ZONING ORDER AND RECOMMEND THE DIRECTOR SIGN THE ORDER WHEN APPROPRIATE. COMMISSIONER WALCOTT SECONDED. MOTION CARRIED.

FOOD PROCESSING GENERALLY ACCEPTED PROCESSING PRACTICES (GAPPs)
INTRODUCTION: Jim Johnson, Division Director, Environmental Stewardship Division; and Chris Peterson, Professor, Nowlin Chair of Consumer-Responsive Agriculture, and Director, MSU Product Center for Agriculture and Natural Resources

Mr. Johnson advised efforts on nuisance conditions in the food processing industry have resulted in creation of the Food Processing Generally Accepted Processing Practices (GAPPs). A Right to Process Act was enacted in 1998 and is very similar to the Right to Farm (RTF) Act in that the concept is to provide an opportunity for nuisance protection for food processing operations.

The law provides an opportunity to create GAPPs for the food processing industry that would be reviewed and approved on an annual basis by the Commission. Today, the

drafted GAPPs will be introduced and during the September meeting, presented for the Commission's approval. Food processors and members of the committee will be on hand in September to advise how this will impact the industry and to answer questions.

Similar to the RTF Act, there is a complaint response protocol within the law itself. This provides an opportunity for determining whether or not a processor is in conformance with the GAPPs, and if not, advice will be provided in terms of what can be done to address that nuisance condition and the processor will be given an opportunity to come into compliance. Key differences between this and RTF, is that there is no preemption language included. Local ordinances will have an impact on food processors. As with RTF, this does not affect the application of other state and federal laws.

There was an effort in the late 1990s-2000s to create the GAPPs which failed. In December of 2012, the industry approached MDARD requesting the development of GAPPs. The initial meeting of the newly organized committee was held in January 2013, during which they identified the issues involved and the process for proceeding with the effort. Dr. Chris Peterson of MSU was selected as chair of that committee.

Dr. Peterson extended appreciation to both the committee members and MDARD staff throughout the process, including Terry Morrison from the Michigan Food Processors Association, Ray VanDreissche and Steven Smock from Michigan Sugar Company, Kim Baiers from Pinnacle Foods, Tim Brian from Smeltzer Orchard Company, Matt Eugster from Varnum Law, and Jim Johnson, Michelle Crook, Byron Beerbower, and Laura Doud from MDARD.

The committee's task was to create GAPPs that were critical to allow the 1998 act to actually be implemented. The committee realized if a healthy, growing processing industry were to thrive in Michigan, efforts have to be continued to address the concerns of the processors on the one hand and the neighbors on the other hand. Processors utilizing the GAPPs as defined should be protected from harassment and nuisance complaints. However, a person living near a processor that is not in compliance with the GAPPs needs a procedure for moving forward in resolution of their concerns. There is a balance between the needs of the processors and the neighbors that is critical to the committee's consideration.

The committee met several times, bringing in a number of outside experts to advise on both scientific and technical matters related to noise, odor, and airborne dust and particulates. The committee considered various alternative means of creating the GAPPs to ensure they were direct, understandable, implementable, and protective of the interests of both processors and neighbors. They believe that balance was achieved regarding noise and odor and those two GAPPs are being presented today.

It is critical to understand the GAPPs address nuisance situations and not activities that violate law related to natural resource and environmental protection. The distinction became central to the committee's deliberation on a nuisance dust or particulates GAPP and following considerable study, it was determined there was no clear line between nuisance dust and fugitive dust and particulates that are otherwise controlled by the Clean Air statute. Next year, the committee will again consider the topic.

Mr. Johnson reviewed content of the GAPPs, noting the definitions are excerpts from the law itself. Each descriptive goal as related to noise or odor is stated in bold text, followed by supporting information and management practices which assist the operation in reaching that goal. It will be a learning process as we move forward and the document will be refined in the future. In each, exceptions are also included to recognize varying conditions based on necessary operational and safety requirements. Documentation and conformance comprise the next section for each GAPP, which is critical for the process.

An expert from MiOSHA was consulted on the noise issues outside of a facility toward avoidance of those being a nuisance for neighbors. Odor is a definite challenge for processors because of the decomposition of residual waste materials. The GAPP addresses opportunities for avoidance of odor conditions. MDEQ feels comfortable the department will be helping to work with food processors in attempting to address odor concerns before they become regulated issues. A flow chart depicting the response protocol between MDARD and MDEQ Air Division was also developed and included with the GAPP.

Realizing that a management plan would also be helpful to processors, an outline for structuring a food processing management plan is included in the GAPP. As we learn more, this will continue to develop.

The Commission will have two months to review and contemplate the GAPPs before being asked for action during the September meeting.

Mr. Johnson advised the industry will undoubtedly ask the committee to continue efforts to develop an air related GAPP to address the particulates situation. The Director asked if there is an opportunity to discover what a processor needs to do before it becomes a regulatory issue. Mr. Johnson advised, very similar to odor, he believes MDEQ Air Division and MDARD can reach agreement on handling those smaller, infrequent particulate issues. Commissioner Kennedy noted that MDEQ regulates the grain industry under the Clean Air Act and it is difficult for the industry to determine if they are in compliance. Mr. Johnson acknowledged that fact and noted that in the past, most of the grain operations and processing facilities were located in rural areas and as people moved closer to those, the same type of problems that developed with farming operations have been experienced. MDARD is doing what it can to help processors ensure they are not a nuisance. Dr. Peterson noted the experience that will develop under the first two GAPPs will surely assist as they revisit the dust and particular issues.

In response to question from Commissioner Meachum, Mr. Johnson confirmed that a packing house or warehouse is considered to be a processor as defined in the law. Commissioner Meachum requested the committee list be added to the GAPP. Mr. Johnson agreed and advised that would be done for September, when the committee membership will be finalized. In the meantime, he distributed a list of the committee members as it currently exists.

**MICHIGAN AGRICULTURE ENVIRONMENTAL ASSURANCE PROGRAM (MAEAP)
STANDARDS INTRODUCTION OF PROPOSED REVISIONS: Jim Johnson, Director,
Environmental Stewardship Division**

Mr. Johnson noted that MAEAP was codified in 2011 and through revision to NREPA (Natural Resource Environmental Protection Act) Part 87, required the Commission approve the standards for MAEAP verification on an annual basis. Revisions to those standards and systems documents are being introduced today for review, with consideration for approval presented during the September Commission meeting. These proposed revisions were approved by the MAEAP Advisory Council during their July 14 meeting.

He recognized the tremendous work accomplished by each of the systems committees throughout the year. There are numerous people involved and considerable effort required for these outstanding documents that are protective of the environment, while at the same time promote a growing agriculture industry.

He reviewed the overall content and major changes to the standards, noting each system tab is constructed similarly, with the front section being background material. Second is a summary of the recommended changes for the A*Syst tool. Next is the A*Syst tool question and response document with changes in red (additions) and purple (changes). Fourth are changes to the educational document. The requirement within the law is for the Commission to approve the standards for verification – those areas indicated by a square block in the responses. In between those questions are the other educational questions that help growers understand more about the issues. Once approved, a new A*Syst booklet for each system will be produced to reflect the changes. The one exception to layout is the Forestry tab, which is a new system and contains what is proposed for those new verification standards.

In each of the introductions contains language describing the relationship between MAEAP and RTF. The significant change is that the MAEAP standards had indicated if a producer becomes MAEAP verified, they are in conformance with the Generally Accepted Agricultural Management Practices (GAAMPs). The department has worked to ensure that if producers are in conformance with all of the standards, they have addressed all issues related to that situation within the respective GAAMP itself. However, there may be items beyond the standards that are contained in the GAAMPs themselves and GAAMPs conformance is determined only by the RTF Program. The language was revised to state the standards are consistent with the identified 2014 RTF GAAMPs. This clarifies the relationship between MAEAP verification and the RTF Program.

In response to inquiry from Commissioner Montri, Mr. Johnson advised an operation is verified for three years and will be expected to meet the new set of standards when being considered for re-verification.

In the Livestock System, questions 11.1-11.1.2 relate to changes in dragline hoses for manure application. The additions address concerns from citizen groups as the hoses cross under roads, through culverts, down ditches, etc. Question 14.01 reflects the Site

Selection GAAMP changes implemented in April of this year as they relate to Category III and IV sites.

In the Farmstead System, questions regarding well setbacks refer to storage of fertilizers and pesticides on farms. Similar questions are contained in the Livestock System related to manure storage. Each has potential for well contamination. Because farm operations typically located wells close to where the water was needed, this creates a challenge. Under NREPA, there are very strict rules for protection of wells from potential contaminates. About ten years ago, MDARD worked with MDEQ and NRCS (Natural Resources Conservation Service) to consider well setbacks and conditions that could be implemented to allow for less than what MDEQ legal requirements dictated for setback, which in many cases is 800 feet. There are very few farms that actually locate their wells that far away from the main operation and the concept was to discuss what could be done to protect those wellheads from contamination issues. MDARD's engineers met with MDEQ Water Division to determine if there were places for MDARD to play a role in helping to make a decision on farms regarding even less of a setback under certain conditions. The agencies have come to an agreement on that opportunity which involves MDARD engineers visiting farming operations, reviewing conditions, making a determination, and presenting that information to MDEQ for an exception. This is reflected in the new standards – determinations made very specifically on a site-by-site basis. The wellhead issue has been a huge impediment to MAEAP verification and this is a step in the right direction. Obviously, some farms will still not meet the requirements and consideration will be given to those situations as we move forward.

In the Cropping System, educational question 3.01 asks if integrated pest management practices are used on the farm, which is a broad question with many aspects to consider. Therefore, this has been expanded to include numerous possibilities in order to become more informative and to reflect what is actually happening across the countryside.

When the Legislature enacted changes to the Qualified Forest Act in June 2013, it provided the department an opportunity to create a verification process for forestland under MAEAP. The new A*Syst tool for this system addresses specific forestland issues. Many of the questions are general at this point and will be expanded and refined in the future as the department proceeds through the verification process. The existing standards of the forestry industry have been incorporated into the questions.

As new issues arise each year, the standards continue to evolve to meet industry needs. In September, the standards will be discussed in more detail, the Commission will have an opportunity to ask questions of the various system committees, and approval will be requested.

LEGISLATIVE UPDATE: Derek Bajema, Legislative Liaison

Mr. Bajema confirmed the Legislature is currently out of session and highlighted some changes that have occurred since the May Commission meeting. Senate Bill 59 passed and was given immediate effect to extend the deadline for transfer out of the Commercial Forest Program under certain circumstances.

House Bills 5400-5402 would provide for incorporation of some components with beneficial use to farmland that previously was not allowed. Staff has visited several sites to initiate the discussion process. MDARD staff would have final approval of each specific situation.

Senate Bills 786-787 address the way hydroponic and aquaculture facilities are taxed. There is tremendous growth in both of these industries and it was found, particularly on the hydroponic side, there is a challenge for local assessors to consider real property and the future usefulness of that property. This legislation is an attempt to address that situation. However, having met resistance in the House, MDARD has been working with the Department of Treasury (TRS) and those having concerns to find a non-legislative solution. The department believes that has been identified in a TRS guidance document. Industry and their legal representatives are currently reviewing the option to ensure it addresses their concerns.

The department is working toward movement of a few key items during the period between election and the end of the session. In order to strengthen our food safety capabilities, the Food and Dairy Division (FDD) has been working with industry on the potential of implementing a phase-in of fees. Feed oversight and regulation is also a critical issue and changes to the feed program have been introduced. Strength also needs to be increased to ensure fertilizer customers are receiving what that have paid for, and through work with the industry and MBF, a pesticide and fertilizer package will be introduced that includes several revisions. The Pesticide and Pest Plant Management Division (PPPMD) was never restored to previous levels after the Emerald Ash Borer (EAB) federal dollars were no longer being received and that division is down 40 percent from levels prior to the EAB Program. There is an opportunity to address that situation in the fall session. The Director added relative to FDD and PPPMD, since general tax payers have already contributed their portion, the department is simply asking industry to help fund the rest of what is needed.

Mr. Bajema referred to the earlier question on the Waters of the U.S. legislation, noting it passed the subcommittee and the House Transportation Infrastructure Committee and is currently on the floor of the U.S. House. EPA has become more proactive on the legislation. Until there is a site-by-site determination, the agriculture community will not be comfortable. The Senate will provide a larger challenge for the bill.

In response to question from Commissioner Montri, Mr. Bajema advised House Bill 5195, which would allow for production of wild game sausage from more than one owner as long as written notice is provided and it is not sold, has encountered a road block. He understands Senator Booher wishes to speak with people in this district. Commissioner Montri requested the department work with the Meat Association to potentially move the bill forward. Mr. Bajema advised he plans to do so.

Commissioner Montri asked Mr. Bajema to also track House Bills 5426-7 which address beer sales at farmers markets. Mr. Bajema advised he will be doing that as well.

The Director reminded Commissioners that the Gold Medal Wine Reception will be held on August 14 at the Kellogg Center in East Lansing. They should be receiving individual invitations in the near future.

COMMISSIONER ISSUES

Commissioner Kennedy reviewed a retirement resolution before the Commission recognizing Thomas Amross.

MOTION: COMMISSIONER MONTRI MOVED THE RESOLUTION FOR THOMAS AMROSS BE ADOPTED WITH BEST WISHES FOR HIS LONG AND HEALTHY RETIREMENT. COMMISSIONER MEACHUM SECONDED. MOTION CARRIED.

The Commissioners reviewed a list of potential issues for their next policy focus topic, including youth engagement in agriculture/farmer succession, water, GMOs, the Food Safety Modernization Act, energy, transportation/infrastructure logistics, and rural development. Following considerable discussion, it was determined that water should be the next policy focus topic. The topic will be more clearly defined and expert speakers invited to present during the September meeting.

PUBLIC COMMENT

No public comment was requested.

ADJOURN

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

The meeting was adjourned at 12:20 p.m.

Attachments:

- A) *Agenda*
- B) *Agriculture and Rural Development Commission Meeting Minutes May 28, 2014*
- C) *Director Jamie Clover Adams – Issues of Interest Report*
- D) *“Michigan Agriculture and Food Index” Infographic*
- E) *2014 Gene Thompson Scholarship Fund MDARD Scholarship Winners Summary*
- F) *FY2015 MDARD Budget Talking Points*
- G) *Request for Approval to Release 3.05 Acres from a Permanent Conservation Easement*
- H) *“Michigan Needs to do More to Attract Seasonal Migrant Laborers-To Do List” Whitepaper*
- I) *Swine Enteric Coronaviruses Presentation*
- J) *Zoning Order – Establishment of Zones for Bovine Tuberculosis*
- K) *Legislative Status – July 2014*
- L) *Resolution for Thomas G. Amross*