

MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT

**Constitution Hall
Atrium Level, Con-Con Conference Room
525 West Allegan Street
Lansing, Michigan 48933**

MEETING MINUTES NOVEMBER 12, 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 9:05 a.m. on November 12, 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 NOVEMBER 12, 2014. SECONDED BY COMMISSIONER KENNEDY MOTION CARRIED.

APPROVAL OF SEPTEMBER 17, 2014, MEETING MINUTES

MOTION: COMMISSIONER MEACHUM MOVED TO APPROVE THE SEPTEMBER 17, 2014, MEETING MINUTES. SECONDED BY COMMISSIONER WALCOTT. MOTION CARRIED.

PROPOSED 2015 MEETING SCHEDULE

The proposed meeting schedule for 2015 was discussed. Commissioner Montri suggested the Commission include agriculture related tours those months when no location has yet been determined. Commissioner Hanson noted that meeting locations can always be changed throughout the year as needed. The Commission was supportive of including some agriculture related tours for 2015 and will discuss specific suggestions during their January meeting.

MOTION: COMMISSIONER WALCOTT MOVED TO APPROVE THE PROPOSED 2015 MEETING SCHEDULE. SECONDED BY COMMISSIONER MEACHUM MOTION CARRIED.

The next scheduled meeting will be held on Wednesday, January 21, 2015, at the Michigan Municipal League, Lansing, Michigan.

COMMISSIONER COMMENTS AND TRAVEL

Commissioner Walcott advised they have been extremely busy trying to complete harvest under very wet conditions in his area, which has left them considerably behind schedule.

Commissioner Kennedy advised harvest has been slow through the numerous rains this fall. Corn remains very wet and is about one-third harvested in the thumb area. Corn yields should very good, although there will be high discounts due to very low test weight. Soybeans are almost completely harvested in his area, with slightly above-average yields. By mid-December, the state should be finished with crop harvest.

Commissioner Montri reported their hoophouse operation is fully planted for the winter, including spinach, kale, chard, and carrots. They are also over-wintering with strawberries for May harvest and peas for early March harvest.

The Michigan Farmers Market Association held a field day at the Michigan State University (MSU) Student Organic Farm on Monday, which was attended by over 60 farmers reviewing winter hoophouse production and bulk storage practices.

Since the last meeting, the Local Food Marketing and Promotion Program grants were announced, through which the U.S. Department of Agriculture-Agriculture Marketing Services (USDA-AMS) awarded eight Michigan organizations more than \$500,000 in funding. The Michigan Farmers Market Association was one of those recipients.

She recently had the opportunity to present at the Michigan Good Food Summit and she shared with the Commissioners a summary of the Good Food Charter, which includes its six goals, along with the report card for each of their agenda priorities. The summary is also available online. Over 400 people attended the summit, including representation from the Department of Agriculture and Rural Development (MDARD).

The next Urban Livestock Workgroup meeting is scheduled for December 5. She will also be attending the Great Lakes Fruit, Vegetable, and Farm Market Expo December 9-11 in Grand Rapids.

Commissioner Meachum advised apple harvest is complete, with quality primarily dependent upon the specific growing location. Corn harvest in southwest Michigan is about 40-50 percent complete, with soybean harvest yet to be started. Winter wheat has been planted and most has already grown at least an inch. A colder winter with less snow is predicted, which is worrisome for fruit growers because they need the protection that snow cover offers in cold temperatures.

He also will be attending the December 9-11 Great Lakes Fruit, Vegetable, and Farm Market Expo to be held in Grand Rapids and encouraged everyone to attend. The Expo offers something for every level of producer and is the largest trade show for agriculture crops in the region. The Michigan Farm Bureau Annual meeting is the prior week, which he also plans to attend.

In response to inquiry from the other Commissioners, Commissioner Meachum reported River Ridge Produce Marketing, who sells their apples and has supplied Wal-Mart for over 20 years, planned to conduct local promotion through billboards, signage, and website photos of family farms. After the photographer had conducted two photo shoots at their operation, in June they announced their intention of creating a television commercial. Knowing that Wal-Mart is a significant customer and distributor of apples world-wide, he and his brothers agreed to participate. After four days of filming, they were very impressed by the entire process and pleasantly surprised by how well done the commercials are, especially the fact they are all about putting a face with the produce. There are four commercials running nation-wide, as well as being shown in Canada, and two being broadcast in Spanish.

Commissioner Hanson reported some areas of the Upper Peninsula (UP) received two feet of snow yesterday and temperatures are predicted to be below zero on Saturday, with no days above freezing in the next ten days. Very little corn has been combined in the UP and Farm Bureau advised some producers are simply writing it off because it will not be anywhere near dry enough. Some farmers in the Garden Peninsula still have beans to be harvested, which is very disappointing in light of the excellent growing season this year.

Recently, she attended the Hiawathaland and Chippewa County Farm Bureau meetings. She also attended the November UP Potato Growers meeting.

Commissioners Hanson, Kennedy, Meachum, Walcott, and Montri traveled to attend today's meeting. There was no other travel submitted for approval.

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

DIRECTOR'S REPORT

Director Clover Adams advised she attended the annual Tri-National Accord held in Chicago last month, which is a meeting of her colleagues from Canada, Mexico, and the U.S. under the North American Free Trade Agreement (NAFTA) to discuss trade issues from an agricultural standpoint. She chaired the Canada-U.S. Bi-Lateral Meeting, during which U.S. Country of Origin Labeling (COOL) again was discussed. She held a private meeting with the Canadian Minister of Agriculture in which he was very blunt in conveying Canada will be retaliating and Michigan will bear a considerable burden. Unfortunately, it will affect more than just agricultural products. What Congress will choose to do is uncertain, but it is not a good situation for Michigan. Additionally, she expressed desire to find a means to move additional dairy products into Canada. Michigan is experiencing considerable growth in that industry and its numerous high

quality dairy products could find a favorable market in Canada. Additionally, she asked Mexico if they would consider treating Michigan, Virginia, and New York similar to the way they work with Washington State whereby producers are inspected only once a year. The additional inspections currently conducted in Michigan are quite costly to our growers and she encouraged their providing relief from that requirement.

MAEAP celebrated its 2,500th on-farm verification on October 30, a significant milestone toward achieving the program's 5,000 verification goal. The "2,500 MAEAP Verifications – Halfway There" celebration was held at Darling Farms in Willis. Numerous MAEAP partners attended, including several area verified farmers and conservation district staff. The increasing number of verified operations, which now is 2,005, is indicative of how effectively we are reaching the agriculture community, as well as the grower-to-grower discussions around the importance of being MAEAP verified. The Western Lake Erie Basin (WLEB) was chosen for the celebration to highlight the voluntary measures farmers in that area are implementing to steward their land. The department received a grant from the Environmental Protection Agency (EPA) to fund several MAEAP technicians in the WLEB over the next three years, which retains those boots on the ground in the area's conservation districts and also funds water sampling activities in Lake Erie. The department is also working with the Michigan Agri-Business Association (MABA) on the potential of incorporating the Certified Crop Adviser (CCA) program into MAEAP, which could provide more than 300 additional people to assist in reaching the goal of 5,000 MAEAP verifications.

As was announced recently, Legislative Liaison Derek Bajema began a new position on Monday with the Michigan Soft Drink Association and will become CEO in January when their current CEO retires. The department was sad to see Derek leave, but happy for this great opportunity for his future. Brad Deacon, who served as MDARD's Legislative Liaison for several years, will be performing legislative functions during the lame duck session. Interviews will be conducted soon and a replacement will hopefully be selected and ready to begin in January.

As announced in Governor Snyder's recent press release, the interim study by MSU's Product Center indicates Michigan's agri-food system has exceeded the \$100 billion goal set by the Governor and has reached a total annual economic impact of \$101.2 billion. Agriculture continues to grow significantly, which is good for Michigan's overall economy.

DIRECTOR'S TRAVEL

Director Clover Adams requested approval for travel to Washington, D.C., December 1-2 to participate in the National Association of State Departments of Agriculture (NASDA) meeting with the Food and Drug Administration (FDA). NASDA received a grant from FDA to work with them over the next four years on implementation of the Food Safety Modernization Act (FSMA). Tim Slawinski, from MDARD's Food and Dairy Division, is serving with the Director on the Technical Committee, which is addressing various implementation issues as they are identified.

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

PUBLIC COMMENT (AGENDA ITEMS ONLY)

Jeff Haarer, MDARD Producer Security and Agricultural Products Unit, provided an update on the failure of Lapeer Grain Company, which is one of the 20 larger grain dealers in the state. He advised about 200 producers are impacted by this failure. A producer meeting was held Monday evening at Lapeer Township Hall, with over 150 in attendance, during which information relative to the process moving forward was shared.

The summary of suspension was issued on October 31, 2014, based on a recent audit, producer complaints, and notification of the bank's lien suspension, which confirmed Lapeer Grain's inability to pay producers within time requirements dictated by the Grain Dealers Act. The suspension prohibits Lapeer Grain from receiving farm produce; however, they can continue to operate under MDARD's direction and may send out inventoried grain.

In response to producers' concerns regarding contract grain, the department provided producers with attorney contacts. Some producers have been able to negotiate leases with Cooperative Elevator for grain storage. Work continues toward locating additional storage space.

Payments will continue and have been made through the settlement date of October 25. As revenue is received, additional payments will be made. The exact exposure amount is not yet known. Insurance Fund representatives explained how that option would work if a producer were unable to receive payment within a reasonable period of time.

MDARD is progressing through the revocation process and a formal hearing will be scheduled. In response to inquiry from Commissioner Walcott, Mr. Haarer advised they have directly contacted producers via email and direct mail to advise of the revocation process and will keep them updated as the process moves forward. Another producer meeting may also be held as additional information becomes available.

In response to comment by the Director, Mr. Haarer confirmed the Insurance Fund only covers grain that has actually been delivered. Another item being explored is assignability or purchase of contracts. In response to inquiry from Commissioner Meachum, Mr. Haarer confirmed the producers will lose their forward contract position.

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

Mr. DiBernardo noted the Agriculture Labor Workforce Coalition summary report as shared with the Commission, is accompanied by two interrelated reports, Varnum Law's Strategic Growth Initiative Concerning Michigan Agricultural Labor Shortage Resources Report and the Conceptual Framework Mapping Document prepared by the International Food Protection Training Institute (IFPTI). Varnum's report was very helpful in providing detailed information regarding the H2A Program. IFPTI completed a curriculum review and opportunities in that area. Those two resources were utilized to further understand

the obstacles that exist around the agriculture workforce and to augment efforts by the workgroup in developing the recommendations outlined in the report.

He recently met with the Director and Chief Deputy Director to discuss the next steps needed to move forward with implementation of the plan. As there are substantial projects in the finalization stage, it is proposed that some of the report's recommendations utilize these larger projects as a means of initiating efforts toward agriculture workforce implementation. Those projects will consider training curriculum, workforce development, and specialty skill sets. The concept through these projects, some of which will have resources attached, is to establish small successes on which to build as the effort progresses. In response to inquiry from Commissioner Montri, Mr. DiBernardo confirmed resources are definitely a primary challenge, as there are no MDARD funds available for the effort. Specific projects will be targeted to potentially have Workforce Development Agency (WDA) funding available to subsequently involve partners in driving the project forward.

The Director advised she has an agreement with WDA Director Christine Quinn to assign one of her staff to work with her and Mr. DiBernardo to open doors at WDA that could help toward funding aspects. The goal is to consider federal WDA funds and state Michigan Economic Development Corporation (MEDC) funds that might be available and how to potentially combine those for specific projects.

Commissioner Montri inquired about methods used to measure the labor shortages in Michigan. Mr. DiBernardo advised various organizations measure that statistic differently; however, agriculture processing and the entire agriculture supply chain is being considered. Today, there is very little basis for accumulating that data and that will be a system for improvement in the future. Commissioner Meachum added that current surveys ask for predictions, which are difficult to quantify. The labor supply for 2014 improved based on better crops the prior year. Mr. DiBernardo noted that communication between producers is another challenge needing improvement to help move labor from one crop to the next.

Once the Commission approves the report and its recommendations, pilot projects will be selected that will provide definitive results and indications of where to focus in the future. Those resources would then be considered on a broader scale. The Commission will be kept apprised as projects are announced and progress is realized.

MOTION: COMMISSIONER MEACHUM MOVED TO ACCEPT THE AGRICULTURE LABOR WORKFORCE COALITION FINAL REPORT. SECONDED BY COMMISSIONER KENNEDY. MOTION CARRIED.

Discussion ensued regarding the potential benefits of having a Commissioner serve on the Agriculture Labor Workforce as it carries out the recommendations set forth in the report. Because Commissioner Meachum has considerable experience with agriculture labor, it was suggested he represent the Commission on the Workforce.

MOTION: COMMISSIONER WALCOTT MOVED TO APPOINT COMMISSIONER MEACHUM TO SERVE ON THE AGRICULTURE LABOR

**WORKFORCE AS IT CONTINUTES ITS EFFORTS. SECONDED BY
COMMISSIONER KENNEDY. MOTION CARRIED.**

**SPECIALTY CROP BLOCK GRANT UPDATE: Nancy Nyquist, Market Development
Specialist, Office of Agriculture Development**

Ms. Nyquist reported the department recently announced the recipients of \$1.9 million in Specialty Crop Block Grant funding. Michigan received an increase in their allocation this year, which was exciting. These funds are made available to MDARD through USDA-AMS.

There continues to be tremendous interest in this program and inquiries are received year around from producers seeking assistance to give them a starting place or take them to the next level; unfortunately, USDA's guidelines do not allow for that type of assistance. The grants are used to enhance the competitiveness of Michigan specialty crops through processors, agri-businesses, producers, local units of government, and legislatively authorized commodity boards in Michigan, including (but not limited to) research, promotion, marketing, nutrition, trade enhancement, food safety, food security, plant health programs, education, increased knowledge and consumption, increased innovation, improved efficiency and reduced costs of distribution systems, environmental concerns and conservation, product development, good agricultural practices, good handling practices, and good manufacturing practices.

Grant applications were evaluated, scored, and ranked by a Joint Evaluation Committee comprised of MDARD and industry representatives not directly involved in any grant proposals. She shared a detailed list of grant recipients, which includes numerous outstanding projects. The department has a great partnership with the USDA staff that facilitates this grant program. The next Request for Proposals will be announced in early February.

Commissioner Montri asked what percentage of the proposals submitted received funding. Ms. Nyquist advised the percentage was very high, and she will advise the Commission of that exact statistic.

In response to inquiry from Commissioner Meachum, Ms. Nyquist advised the 15-month grant agreement cycle includes several reporting stages and those reports are approved by both the department and USDA. The first two reports cover progress, funds expended, and any problems encountered. The department has a multi-step process to verify all information to ensure the grantee's goals are being met, while offering any available assistance if they are experiencing problems. All reports for complete and final projects are posted on the department's website.

Commissioner Walcott noted some of the projects include labor studies. Ms. Nyquist advised these are being completed in partnership with the USDA National Agriculture Statistics Service (NASS). There obviously is a great deal of interest in quantifying agriculture labor in order to identify and fill the needs.

In response to inquiry from Commissioner Walcott, Ms. Nyquist advised there is a difference between the Michigan Maple Syrup Association and the Commercial Maple

Syrup Producers of Michigan, in that the Association comprises the more traditional group and the later includes the newer large commercial producers. Both are working toward elevating the maple syrup industry in Michigan.

In response to question from Commissioner Montri, Ms. Nyquist confirmed the \$75,000 maximum grant amount was established by the department. Because the funding is anticipated to remain at the level received this year, she will be working with the specialty crop organizations to recommend elevating that number to \$100,000.

GENERALLY ACCEPTED AGRICULTURAL AND MANAGEMENT PRACTICES PROCESS AND REVIEW OF PROPOSED CHANGES: Jim Johnson, Division Director, and Wayne Whitman, Right to Farm Program Manager, Environmental Stewardship Division

Mr. Johnson noted it is once again that time of year for review of the Generally Accepted Agriculture and Management Practices (GAAMPs). The Right to Farm (RTF) Act describes the GAAMPs as those practices as defined by the Commission of Agriculture and Rural Development and dictates the GAAMPs be reviewed annually by the Commission. What the Commission has today are the draft proposed 2015 GAAMPs for their review between now and the January meeting, with an anticipated decision regarding the GAAMPs at that time.

Mr. Whitman advised he typically contacts each of the GAAMPs chairs early in the year to remind them of the process. The chairs confirm committee membership and determine whether there is a need to reconvene their respective taskforce committee to consider potential adjustments. The manure GAAMP was established in the mid-1980s and the most recent is the Farm Market GAAMP, initiated in 2010. Each of the eight GAAMPs is considered and if any changes are recommended by that committee, they are submitted to the department for preparing drafts in redline, strikeout mode.

For 2015, there were changes recommended for only three of the eight GAAMPs. These are relatively minor in terms of references and updates, and none are significant in terms of the practices themselves. At this point in the annual review process, these are for information purposes and a public input meeting could be conducted and comment from the public received on what is proposed for 2015. All of those comments would then be routed to the respective chair for further consideration. Each chair will be invited to the January Commission meeting to make a final formal presentation for the Commission's consideration for approval.

In response to question from Commissioner Meachum, Mr. Whitman advised 9:00 a.m. December 12 at the Michigan Library and Historical Center is being held for a public input meeting pending direction from the Commission. The Director noted that a public input meeting can be convened under purview of the Commission. Having been initially requested several years ago, it could again be requested this year.

Discussion ensued regarding the Commission's desire to provide for a public review period relative to the draft 2015 GAAMPs prior to the January Commission meeting, including a public input meeting and posting of the draft 2015 GAAMPs on the website. In response to inquiry from Commissioner Montri, Mr. Johnson advised although some questions have been answered in the past, the public input meeting is intended to simply

receive comments. While anyone is welcome to attend the meeting, there is no requirement for Commission attendance, although RTF staff are typically on hand.

Commissioner Montri asked about posting of the draft GAAMPs and public comments to the department's website. Mr. Johnson advised that with the Commission's direction, the draft GAAMPs would be posted. The public comments were posted for the first time last year by specific request, not having been typical practice. He reiterated the public review process is not part of the RTF Act itself and advised it should be part of the Commission's decision each year. Mr. Whitman advised most of the public input meetings result in little, if any feedback, with last year having been the exception. Commissioner Walcott indicated the GAAMPs committees do actually welcome written comment at any time.

MOTION: COMMISSIONER MONTRI MOVED TO DIRECT THE DEPARTMENT TO CONTINUE PROVIDING FOR A PUBLIC REVIEW PERIOD OF THE DRAFT GENERALLY ACCEPTED AGRICULTURAL AND MANAGEMENT PRACTICES BY POSTING THE 2015 DRAFT DOCUMENTS TO THE DEPARTMENT'S WEBSITE AND HOLDING A PUBLIC INPUT MEETING FOR THE PURPOSE OF GATHERING PUBLIC COMMENTS PRIOR TO THE JANUARY COMMISSION MEETING. SECONDED BY COMMISSIONER WALCOTT. MOTION CARRIED.

Mr. Whitman noted written comments submitted directly to the department by 5:00 p.m. on December 12, as well as those gathered at the public input meeting, will be forwarded to the GAAMPs Task Force Committee Chairs for consideration prior to final review and adoption.

In response to question from Commissioner Hanson, Mr. Johnson advised that when the need for a new GAAMP is determined and at direction of the Commission, the department contacts MSU to identify someone with that respective expertise within the university to chair that new taskforce. That chair then determines what other experts should sit on that respective committee to develop and subsequently revise the GAAMP when needed. Occasionally, individuals request appointment, and that becomes the chair's decision to determine if that individual has the expertise needed for that specific committee.

Because there were numerous changes to the fox and mink section of the Care of Farm Animals GAAMP, Commissioner Montri inquired about that industry in Michigan. Mr. Whitman advised there are a few facilities in Michigan that still raise these animals and he would turn to the committee regarding the current need for those proposed changes. Mr. Johnson added the changes were driven by recent complaints received about those types of operations.

RECESS AND RECONVENE

Chairperson Hanson recessed the meeting at 10:10 a.m. for a brief break. She reconvened the meeting at 10:30 a.m.

MICHIGAN POTATO INDUSTRY COMMISSION: Michael Wenkel, Executive Director

Commissioner Hanson welcomed Executive Director Mike Wenkel and several members of the Michigan Potato Industry Commission who joined the meeting on their way to today's Michigan Potato Day celebration at the Capitol. Mr. Wenkel invited the Commissioners to join the celebration, which continues until 1:30 p.m. today. The event recognizes the industry and its \$200 million economic impact for the State of Michigan.

WATER AND ITS ECONOMIC ADVANTAGE FOR MICHIGAN'S FOOD AND AGRICULTURE SYSTEM:

Director Clover Adams advised that relative to the water topic, the department felt it would be beneficial to include the perspective from other parts of the country that are not as blessed as Michigan. She spent a decade in Kansas, a state that is considerably dry, and shared the basics of western water law and how that differs from Michigan.

Given what has happened in the West over the last few years – such as a major river in Kansas being completely dry and California reservoirs without water – it emphasizes the drastic water situation in the West. Contrast that with the fact Michigan sits on 20 percent of the world's fresh water and enjoys abundant rechargeable groundwater. Considering average rainfall, 15-20 inches is average in the West, contrasted by 30-33 inches in Michigan.

Generally in the West, pumping water, except for residential use, requires applying for a permit and demonstrating how that water will be put to beneficial use. Calculations are then considered to determine if water is available and if so, the user receives an allocation. An irrigator in Kansas might receive an allocation of 14 acre inches per year for a well. If there is no water available, then no permit is issued. Since 1945, they have operated under a system of first in time, first in right. Individuals with senior rights take precedence when there is a conflict or a shortage of water. When a shortage exists, junior water right holders do not pump. However, the Chief Engineer considers individual situations and if a crop has been planted, would instead impose that restriction in the following year. In addition, if an over-appropriation of water rights is discovered, again junior water rights holders are not able to pump.

That system applies to both groundwater and surface water. In 1986, the Kansas Legislature enacted a law designating the amount of water each of the three major rivers could contain. When a river dropped below that amount, again junior water rights holders could not pump. In Michigan, adverse resource impact (ARI) takes rivers and streams into consideration, which is a similar theory. In Kansas, water rights are used for a certain amount of time, referred to as "perfecting your rights" and typically measured in years. When perfected, it becomes a property right that, if approved by the Chief Engineer, can be sold separate from the land. In order to conserve water, the government has purchased various water rights and retired them, similar to permanent conservation easements on farmland in Michigan.

In Texas, individuals are entitled to pump as much water as they can capture. However, in the remainder of the West, an allocation system is standard and a permit is required to pump water. In contrast, in Michigan only large quantity water withdrawal operations are impacted by government. If an operation will withdraw more than 100,000 gallons per

day, then the well must be registered. The Water Withdrawal Assessment Tool (WWAT) is used to assess the site, and if a problem exists, the Michigan Department of Environmental Quality (MDEQ) conducts a site specific inspection, considering the ARI potential of that well.

Michigan also has a mediation process when agriculture water conflicts arise. The department works with the parties involved and attempts to settle the issue short of going to court. On the industrial side, court is the only option.

The Correlative Rights Rule applies to groundwater in Michigan, which basically is the landowner having unrestricted rights to extract groundwater from his property up to, but not beyond, the point it unreasonably interferes with the similar correlative right of the neighboring land owner. However, ARI must also be considered, or how pumping that groundwater might impact neighboring rivers and streams.

During recent meetings with companies considering location in Michigan, they share that discussions in the West around water are at least two-hours in duration and clouded with permitting uncertainty. In Michigan, the water discussions are a brief 10-minute conversation. This is Michigan's advantage – water is available. We must be good stewards, but we should not create a system that discourages business growth – Michigan needs to keep its advantage.

Commissioner Meachum inquired about long-time users of surface water when a particular body of water begins to drop below designated levels. The Director advised that would be considered an ARI and turned to Laura Campbell of Michigan Farm Bureau for more detail. Ms. Campbell advised when the statute was passed in 2006-2007, established water users were grandfathered in and assumed to not be causing any ARIs. They would, however, become part of a Water Users Group to develop solutions should an ARI occur in the future.

Bob Mayer, owner of Great Lakes Glads, reported he is a fourth generation gladiola grower in Branch County Michigan is the number one gladiola producing state in the country, and his operation is the largest grower of cut gladiolas in the world. At their peak, they grew 1,200 acres of cut glads, and currently have 800 acres. They also grow peonies, sun flowers, seed corn, beans, potatoes, and hydroponic lettuce. Water is a significant factor for their operation.

With the diversity of Michigan's agriculture industry and the WWAT, comes a great deal of frustration and he has faced several challenges. He begins planting gladiolas in March and they need to be watered in, as well as requiring light irrigation throughout the growing season as a cooling mechanism. Because most of their land is rotated, landlords are constantly swapping land for which watering needs vary considerably. The WWAT presents a considerable challenge as growers try to determine who can use how much water for their crops on that year's location. Questions of usage abound and no one has explained to them as farmers how to obtain WWAT information for rented land, or if land is to be purchased, how potential water use can be determined.

As an example, he received notice from MDEQ that his neighbor is receiving a permit for a 900 gallon-per-minute capacity well for June, June, and August for 12 hours per day four days a week at seventy feet. In contrast, when he used the tool to determine well potential on his land, which is less than a quarter of a mile away, he was denied each and every time. No matter what quantity and timeframe he entered, he was advised a site specific review was required. It appears farmer will be pitted against farmer, because it sounds like those first in will have riparian rights.

Two years ago, he rented a piece of property from a landlord who initially allowed him to pump from the eight-acre lake on that property. The landlord then decided they would instead require well-drawn water for his irrigation. Mr. Mayer contacted his well driller, Aaron Rice (who is here with him today) who determined the location he felt was best for obtaining a good well on that property. However, the WWAT denied that location and MDEQ suggested an alternate location. After paying for well drilling in three different MDEQ suggested locations, no water was found. MDEQ finally agreed to the original requested location, on which they were able to obtain over 800 gallons a minute. Having to follow what is seen on a computer in Lansing when there are well experts in the field is extremely frustrating.

In addition, WWAT asks initial questions, such as whether the land is bedrock or glacial and how deep the well screen will be once drilled. This is very frustrating to the farming community because average well depths vary and cannot be determined until after drilling is completed. Mr. Rice pointed out that all water usage reports are submitted to MDARD and filter to MDEQ only during site specific reviews. Even though gallons are referred to, the process is based on relationship to a potential ARI, which is a very high bar to reach in some areas. Much is not science-based; rather, it comes from the general calculation taken at the time of baseline in the tool, and recharge is not being calculated properly. During site specific reviews, there is no standard method being used. Currently, different methods in the field are being tried to measure potential ARI and effects on adjoining watersheds. The proposed Water User Groups, which includes anyone in the watershed area, will be a poor way for neighbors to do business and will cause divisions in agriculture.

Mr. Mayer advised that information needs to be provided to producers, including the requirements of Water Use Permits and the perceived limitation of allocated months and gallons usage – there should be flexibility and perhaps gallons/year makes more sense. It would also be good to know if there is a need to maximize usage to retain allocation and he questioned who is liable if a user exceeds their allocation. There should be a review of and improvements made in the WWAT to better reflect the physical aspects of an area (such as accurate relationship to streams), as well as improvement of the site specific review process to include a standard method of testing. Users are opposed to Water User Groups and a better means of establishing allocation should be developed. In addition, he feels farmers should receive amnesty to catch up on reporting water use of wells already in use.

The Director advised she will consult with MDEQ to share the growers' concerns and suggestions. She will subsequently communicate the outcome with Mr. Mayer and the Commissioners.

Mr. Mayer thanked the Commission for the opportunity to present today and extended an invitation for them to visit Great Lakes Glads next summer.

Tim Brian, president of Smeltzer Orchards, reported he will be talking about water usage in fruit processing. Smeltzer Orchards is a fruit processor located in a rural area in the northwest corner of the Lower Peninsula. The red tart cherry industry virtually would not exist today without the ample use of a good water supply. The industry is very unique because the fruit is extremely fragile and very perishable. Michigan is the leading producer of red tart cherries and over 99 percent of that crop is processed. After harvest there is a short 24-hour window to process and pack to avoid deterioration.

Very little water is used in the growing of red tart cherries and the vast majority of orchards are not irrigated. In contrast, Utah and Washington are two states that also grow red tart cherries and growers typically need to acquire four-five feet of water rights to provide needed irrigation for their trees. With Michigan's ample rainfall, growers do not have that issue.

Where the water usage begins in his process is when the fruit comes off the tree. To minimize bruising, cherries are mechanically harvested into pallet-sized steel tanks filled with water. A grower will place approximately 1,000-1,200 pounds of fruit into the tank. They are then flushed with cool well water, which maintains fruit quality, washes the cherries, and helps minimizing bruising enroute to the processing plant. A cooling manifold is placed into the tanks where the fruit will spend hours in preparation for transport onto the processor. Time spent on the cooling pad is very important and will influence the quality, yields, and pitting efficiency at the processing plant.

Once the cherries leave the farm and come to the processing plant, they are again placed on a cooling pad and chilled until processing. Two factors influence pitter efficiency and that is loosening of the pit and firming and aging of the flesh – water is the important factor in both. Water is also used to cushion transfer of cherries throughout the plant and to keep the cherries cool. Some of the equipment in the plant is also designed to use water, such as the pitter and refrigeration systems used to freeze the fruit. Additionally, the clean-up and sanitation processes utilize water.

At the processing level, they are using close to a gallon of water per pound of fruit, which for their facility is close to one-half million gallons per day. This is a tremendous amount of water; however some of that water is being reused within the plant and the rest is returned to the watershed. Effluent water from their operation is used to irrigate corn and hay. The water being used by the industry is not leaving the state.

There have been some issues within the industry regarding wastewater; but with the cooperation and patience from MDEQ, the industry has made great strides in reducing these passing issues. The red tart cherry industry would not be where it is today without a massive supply of water.

In response to questions from Commissioners Walcott and Hanson, Mr. Brian advised nearly 90 percent of the water from the cooling pads is recycled and at the processing

level, less water is being used today than ten years ago. The water is not leaving the state, it is returned to the watershed. Their operation is not familiar with the WWAT. Their water supply comes from two long-established ten-inch private wells that are over 300 feet deep, and they routinely submit water withdrawal reports to the department.

Dan Ganger, owner and president of Maisco, Inc., advised Maisco is a Valley brand center pivot irrigation system dealer serving southwest Michigan for over 25 years and he has worked in the irrigation industry for the past 37 years. He has also designed and assisted with installation of irrigation systems in several western states.

Today's added irrigated acres in Michigan have generated increased crop production for generations to come. In recent years, Michigan law as written has and will continue to be the most restrictive factor in the potential for growth in irrigation for the future, specifically, the WWAT and resulting restrictions from MDEQ. He noted that MDARD has always been a welcome presence in their meetings; however, MDEQ is not of the same sentiment.

To date, he has no knowledge of irrigation in southwest Michigan causing any water usage conflicts. Irrigation in Michigan is an important part of our global, national, state, and local economies. Global demand for food and fiber will continue to increase and there is no more land on which to farm. Irrigation installed in the area where he works can increase corn yields to 200 bushels per acre on ground that previously averaged 60-80 bushels an acre without irrigation. In years such as 2012, non-irrigated ground in his area yielded only 7-15 bushels an acre of corn or beans. As noted in the Agriculture Census, irrigated acreage in Michigan as compared to total cropland is eight percent. Branch County irrigates 23 percent of their total cropland, while Cass County irrigates 39 percent, and St. Joseph County 60 percent. Growth of irrigation in Michigan between 1982 and 2012 was 107 percent, an average annual increase of five percent.

When we experience our next drought in southwest Michigan, pandemonium will result because of the unreasonable WWAT and the State of Michigan's inability to change to a reasonable solution. Pure Michigan is defined by its water and the ability to produce plentiful crops because of its abundant aquifer and ample rainfall. Groundwater levels in Michigan are not declining as they are in the western part of the country. We are in an area where groundwater is renewable and sustainable for agriculture irrigation. Even if the agriculture industry were to irrigate 100 percent, it would have no ARI – this has been evidenced by studies being completed by a professional hydrogeologist hired by a group of farmers in southwest Michigan over the past seven years. Yet when the WWAT is consulted, it indicates St. Joseph, Branch, and Cass Counties are out of water.

In response to question from the Director, Mr. Ganger advised great strides have been realized in development of irrigation equipment itself, especially since early systems were primarily flood irrigation. Mechanical irrigation began in the late 1960s and uses 75 percent less water. Systems used in Michigan include center pivot, sprinklers on drops, and low pressure sprinklers. Technological devices mounted on the systems today allow operators to monitor and control the system via smart phone or laptop computer. There has been about 15-25 percent efficiency gain in irrigation systems over the past 40 years. Commissioner Hanson confirmed the progression in technology they have

implemented on their farm has increased efficiency tremendously over time. Mr. Rice added that soil moisture sensors are also beginning to be incorporated into irrigation systems. The Director noted capability to monitor soil moisture will be important here in Michigan to maintain irrigation only at levels needed. Commissioner Meachum added their computer water sensor model, from which they receive weekly water level graphs, allows him to efficiently gage when to water and when to add fertilizer to the trickle irrigation system.

COMMISSIONER ISSUES

Commissioner Hanson reviewed a retirement resolution before the Commission recognizing Farm Bureau president Wayne Wood, which read:

WHEREAS, the Michigan Commission of Agriculture and Rural Development is pleased to honor Wayne H. Wood upon his retirement as president of the Farm Bureau (MFB) Family of Companies; and,

WHEREAS, Wayne has served as the MFB president since December 2000, having served 12 years as the organization's vice president. He was first elected to the MFB Board of Directors in 1984 as a director-at-large, and later elected a District Six director. Wayne served as Sanilac County Farm Bureau president for five years before joining the state board; and,

WHEREAS, Wayne also served Farm Bureau nationally as a director representing the Midwest Region on the American Farm Bureau Federation (AFBF) Board of Directors, chairing the AFBF Dairy Advisory Committee for four years, and being appointed by former Agriculture Secretary Earl Butz to the Rural Environmental Conservation Program Advisory Board; and,

WHEREAS, Wayne also serves on and formerly chaired the Michigan Agriculture Preservation Fund Board, a nine-member board appointed by the Governor to oversee the state's Purchase of Development Rights Program. He also spent four years presiding over the Michigan Farmland and Community Alliance, which is an MFB affiliate organization dedicated to farmland preservation; and,

WHEREAS, in 2003, Wayne became the sole agricultural representative on two high-profile councils: Governor Granholm's Michigan Land Use Leadership Council and the Environmental Advisory Council that was initiated by the Michigan Department of Environmental Quality; and,

WHEREAS, in 2004, Wayne was appointed to a commission charged with making recommendations regarding the annual state fair; and in 2005, Governor Granholm appointed him to the newly formed Michigan Food Policy Council, charged with making recommendations on ways to increase economic development opportunities in Michigan's food sector while improving agricultural production, community well-being, and public health; and,

WHEREAS, Wayne has also served his community through chairing the Sanilac County Mental Health Board for almost 20 years, spending nearly 20 years as the Marlette Township supervisor, and providing leadership as a member of the Marlette Second Presbyterian Church, where he served as trustee, treasurer, and elder.

THEREFORE, be it resolved that the Michigan Commission of Agriculture and Rural Development thanks Wayne Wood for his more than 30 years of dedicated service and commitment to the Michigan agricultural industry partners and community; and

THEREFORE, be it further resolved that the Michigan Commission of Agriculture and Rural Development joins Wayne's family, friends, and colleagues in wishing him a long and happy retirement.

MOTION: COMMISSIONER MEACHUM MOVED THE RESOLUTION FOR WAYNE WOOD BE ADOPTED WITH BEST WISHES FOR HIS LONG AND HEALTHY RETIREMENT. COMMISSIONER KENNEDY SECONDED. MOTION CARRIED.

Commissioner Meachum asked if there is any indication of who would be replacing Wayne Wood. Ms. Campbell advised that pursuant to the bylaws, it will be someone who has served as a board member for at least four years.

PUBLIC COMMENT

Wendy Banka, Michigan Small Farm Council, Ann Arbor, reported she requested a copy of the draft 2015 GAAMPs, which she received last Friday and has shared with her members. Early responses to the proposed changes include remarks that some of the changes made in 2014 have hurt many of the small farmers in Michigan. Some townships have improved their regulations; however, there are numerous areas where the situation has worsened. The small farm community has suffered under last year's changes and dismay was registered in that no changes had been made to provide relief.

In addition, in the Care of Farm Animals GAAMP, numerous changes were made relative to beekeeping. One MAEAP verified beekeeper who is on five acres, advised the changes helped neither the farmer nor the neighbor. It would have been great to have had a small beekeeper on that GAAMP committee, because they have a different perspective to offer and could have improved the requirements for those small operations.

She noted that Randy Zeilinger and she have now for three years attended the public input meeting for the GAAMPs and there has never been a GAAMPs chair in attendance. She and Mr. Zeilinger have met with members of the Site Selection GAAMP Committee on one occasion and not given a seat on the committee as was requested each year since 2012. The work by that committee over the last three years has been devastating, in their view, to small farmers in Michigan. And even though the committee's excuse for not allowing the Small Farm Council representation on the committee is that issues are not of a concern to them, they are in fact very much of a concern. Many of the problems faced in the last few years could be resolved if there were individuals with small farms, including in urban and residential areas, on the committees making these kinds of policy choices for the entire state. She asked again that the Michigan Small Farm Council be considered for membership on the GAAMPs committees.

Julie Liberti, Pinckney, advised the Commissioners that 35 different pesticide residues were likely on the potatoes they received from the Michigan Potato Industry Commission today and noted their potential side effects.

She feels the vote taken by the Commission last April has had devastating effects on the image of Michigan, at least for small farmers. Urban people with whom she interacts from distant states advise they don't want to come to Michigan to spend their money or relocate, and some from Michigan advise they are considering leaving. She feels small producers trying to take care of their families are not being considered. Yet Dow Chemical has received approval to market their genetically modified corn, which contains the chemical 2,4-d and is extremely toxic. When rights are limited for small urban farmers, it is difficult for them to choose what they want to eat. Hopefully, those freedoms are not completely taken away. She feels Michigan should be promoting the production of healthy home-grown food.

ADJOURN

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

The meeting was adjourned at 12:04 p.m.

Attachments:

- A) *Agenda*
- B) *Agriculture and Rural Development Commission Meeting Minutes September 17, 2014*
- C) *Proposed 2015 Meeting Schedule*
- D) *The Michigan Good Food Charter Summary*
- E) *Director Jamie Clover Adams – Issues of Interest Report*
- F) *Frequently Asked Questions from Producer Creditors of Lapeer Grain Company, Inc.*
- G) *Michigan's Food and Agriculture Workforce Report*
- H) *Conceptual Framework Mapping Document*
- I) *Strategic Growth Initiative Concerning Michigan Agricultural Labor Shortage Resources Report*
- J) *Specialty Crop Block Grants Report*
- K) *Draft 2015 Generally Accepted Agricultural and Management Practices*
- L) *Water Use Illustrations – Tim Brien, Smeltzer Orchards*
- M) *Resolution for Wayne Wood*
- N) *Legislative Status – November 2014*