

MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT

Michigan Corn Growers Association
Board Room
13750 Sedona Parkway
Lansing, Michigan

MEETING MINUTES MAY 13, 2015

PRESENT:

Trever Meachum, Chair, Michigan Commission of Agriculture and Rural Development
Fred Walcott, Vice Chair, Michigan Commission of Agriculture and Rural Development
Dru Montri, Secretary, Michigan Commission of Agriculture and Rural Development
Diane Hanson, Past Chair, Michigan Commission of Agriculture and Rural Development
Bob Kennedy, Past Chair, 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 Meachum called the meeting of the Commission of Agriculture and Rural Development to order at 9:03 a.m. on May 13, 2015. Commissioner Montri called the roll with Commissioners Hanson, Kennedy, Meachum, Montri, and Walcott, and Director Clover Adams present.

APPROVAL OF AGENDA

MOTION: COMMISSIONER MONTRI MOVED TO APPROVE THE MEETING AGENDA FOR MAY 13, 2015. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.

APPROVAL OF MARCH 18, 2015, MEETING MINUTES

MOTION: COMMISSIONER WALCOTT MOVED TO APPROVE THE MARCH 18, 2015, MEETING MINUTES. SECONDED BY COMMISSIONER KENNEDY. MOTION CARRIED.

NEXT SCHEDULED MEETING

The next scheduled meeting will be held on July 21, 2015, at the Bronson City Offices, 141 S. Matteson Street, Bronson, Michigan.

COMMISSIONER COMMENTS AND TRAVEL

Commissioner Walcott reported growers were initially concerned with the cold spring, but it is dry enough to be in the fields. In his area of the state, the corn crop is 35-50 percent planted, asparagus harvest is in full swing and crews are arriving daily, and there were no freeze issues with any of the crops.

Commissioner Montri reported spring has been dry in her area and most of their tunnels are planted. They are beginning to harvest strawberries, which should go to sale in the next ten days. Two outdoor harvests, salad mix and radishes, have been started, which is early and good for their business.

She attended Ag Day at the Capitol on March 25, with good participation from commodity groups and food and farming organizations. She participated in the Center for Regional Food Systems Livestock Workgroup meeting on April 16, where there was a good mix of people discussing issues related to livestock and specialized retail meat processing variance on which the department continues to work. She requested the Commission be provided with an update on the specialized meat processing variance project during the next Commission meeting.

She attended one of the Wild-Foraged Mushroom Certification courses held in Traverse City recently. She is impressed with how the department is working with non-profits and foragers to implement this certification program within such a short time period. More than 60 people have been certified, which is a dramatic increase from the previous less than ten in the state, and she has heard great things about the program. She requested an update on that program as well in the near future.

In her work with the Michigan Farmers Market Association (MIFMA), she has been completing a considerable amount of federal and state grant writing and reporting. MIFMA is conducting a webinar tomorrow in partnership with the Michigan Department of Agriculture and Rural Development (MDARD) Food and Dairy Division featuring the new licensing option for farmers markets implementing cooking demonstrations. This is another significant accomplishment for the department. An internal policy has been developed that provides for licensing these demonstrations in a different manner and presents a huge opportunity for market managers and community partners who are using fresh, seasonal ingredients. Overall, the farmers market season is off to a very strong start this year.

Not related to the Commission, she will be traveling out of state to attend the American Association of Meat Processors convention June 18-21.

Commissioner Hanson reported she attended the Pure Michigan Business Summit on March 19, which was a very educational experience. On April 1, she attended the Growing UP Agriculture Association annual meeting, with Representative McBroom as the guest speaker. With cash crops being the association's top priority, there is much interest in soil health being studied through the Michigan State University (MSU) Experimental Station in Chatham.

She also attended a Discussion Meet for the Upper Peninsula (UP) Farm Bureau in Escanaba on March 31. In April, she joined an MSU Council meeting, which has transitioned into a regional meeting involving several counties.

Weather in the UP has been very dry, with an early spring. Small grains are planted, corn is almost completely in, and they began planting potatoes today.

Commissioner Kennedy reported spring is progressing very well in the Saginaw Valley compared to last year when two thirds of the corn crop was not planted until June. With this year's dry weather, corn planting was virtually finished last week in the region. Soybeans are about 65 percent planted. However, soil moisture is already a concern.

Industry-wide, the larger issue with which he has been involved is proposed changes by CXS for the rail spreads in the State of Michigan. This is a very large increase and will have a significant impact on the state. The industry is involved, including corn growers, MDARD, and the Michigan Agriculture Business Association.

Commissioner Meachum advised fruit crops are progressing well in southwest Michigan and there are no freezes to report. Many asparagus growers are short on labor, chiefly due to the unexpected warming spell which caused the crop to mature early. Many seasonal employees were still in the south harvesting other crops. Each day, more are arriving; but in general, a shortage still remains.

Grain crops in the southwest area are about 60 percent planted. As the rest of the state, they were dry until ten days ago. However, now the heavy rainfalls combined with the heat have caused considerable disease pressure for the fruit and vegetable industry.

He was asked to participate in a Strategic Review for the Southwest Michigan Research and Extension Center (SWMREC). There have been several meetings and conference calls in an attempt to determine the best future direction for SWMREC, which is being done for the other fruit research stations as well. They are identifying industry needs and considering other ways of doing business.

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

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

DIRECTOR'S REPORT

Director Clover Adams advised she traveled to the UP on May 5-7. Their visits included a saw mill, maple syrup processor, seed potato farm, fish market, and a culinary school for high-end chefs. It was a very interesting and educational tour. In response to questions from Commissioner Walcott, the Director advised current enrollment at the culinary school is 8-10 students, with a capacity for about 15. It is a very hands-on, comprehensive curriculum operated by a community foundation and will offer opportunities for students to be employed in the Michigan tourist industry.

Through the winter, the agency hosted town hall meetings with food processors across the state to identify their challenges and opportunities. A meeting was held with the production side of the industry recently and many similar issues and challenges were expressed. Those will be used as a basis for developing new goals for the industry. Agriculture labor is targeted to be one of those. She hopes to review a draft of those

measures during her speech at the Michigan Food Processors meeting in June, and to finalize the five-year goals by early July.

A meeting was held recently with various stakeholders at the Workforce Development Agency (WDA) regarding agriculture migrant labor issues. A list of 25-30 impediments was developed. Rey Guzman, from WDA, has been tasked to our agency for the purpose of facilitating a workgroup to address at least the top ten impediments. It was very clear that even if they were able to triple their output, a shortage would still exist. A long-term strategy must be developed to fill the gap and the department will continue working toward solutions.

The Director introduced Matt Blakely, the department's new Legislative Liaison. He previously was with Representative Pettalia's office, and is from Traverse City. Being very well respected by the Legislature, the department is happy to have him as part of its team.

The department has been working toward management changes through an Operation Excellence Project to bring MDARD from good to great, including how to focus resources on those things that have the most value. A consultant was hired to initiate the project, which began with creating standard operating procedures (SOPs) for staff, as well as a model program for each division. Approximately 45 of the 256 impediments identified have been resolved. The SOPs will ensure consistency across each program by providing standardization. The department is considering the most important areas on which to focus to ensure maximum efficiency. Staff will be provided with weekly feedback that will help maintain communication and establish clear expectations. Through this effort, the agency will be able to demonstrate it is using its resources to their fullest potential. We have already realized some beneficial results through the process. In response to questions from Commissioner Kennedy, the Director advised each division has completed their model program and is working on their second or third program. By the end of the year, every program and internal process within the department will have current SOPs in place. Ken McFarlane, MDARD's Director of Strategy and Business Performance, has been working closely with the consultant, Pat McDonnell. They have been meeting weekly with leadership staff to provide a sense of urgency to the process and help staff with those hard questions that arise. It has already proven to be a great process and the department is excited about the potential it offers.

DIRECTOR'S TRAVEL

Director Clover Adams requested approval for travel to Madison, Wisconsin, June 21-24 for the Midwest Association of State Departments of Agriculture meeting.

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

PUBLIC COMMENT (AGENDA ITEMS ONLY)

There was no public comment relative to agenda items.

LEGISLATIVE UPDATE: Matt Blakely, Director of Policy Development and Legislative Affairs

Mr. Blakely provided a list of the bills that he is currently tracking. The report format was initiated by his predecessors, which could be tailored as needed to meet the Commission's interests. He highlighted various bills of interest.

Senate Bill 144, Tom Casperson, deals with the Food Law. They are in the process of defining "low risk foods" and the legislation is scheduled to move on Thursday, when amendments will be introduced. It would provide for local health inspectors conducting a lower level inspection for temporary food establishments that serve only low risk foods – still ensuring food safety, but not requiring the normal intensive inspection process. The department is supportive of the bill.

In response to inquiry from Commissioner Montri, Mr. Blakely advised once a bill is introduced, the Administration determines which agency is most appropriate to serve as lead. Being lead agency does not necessarily designate support. Lead agencies speak for the Administration and do not technically have a position when bills go to hearing.

Senate Bill 217, Darwin Booher, is a combination of qualified forest and qualified agriculture on lands to receive agriculture exemption. Basically, it is simply folding qualified forest lands into that program. MDARD is supportive of the legislation.

House Bill 4017, Jeff Farrington, would provide limited liability or immunity for people wishing to donate food. There currently is a problem with items passing the "sell by" date that technically are still safe for consumption, but establishments are hesitant to donate because of liability risk. This legislation will help create a safe environment for those greatly needed donations. MDARD is supportive of this bill.

He noted Ms. Tyszkiewicz will share information about the various appropriations bills. Those include House Bill 4391, which covers fertilizer and pesticide fees and MAEAP; House Bill 4400, would extend the livestock dealer sunset; House Bill 4451, which is the feed bill; and House Bill 4470, the food bill. All of these are currently on the House Floor for a second reading. Everyone is waiting for the revenue estimates on Friday which will initiate discussion regarding budget targets. By the end of next week, all of these bills should see movement. In response to inquiry from Commissioner Kennedy, Mr. Blakely advised he feels quite confident about all of these bills.

In response to inquiry from Commissioner Montri, Mr. Blakely advised that state symbol bills are typically introduced through school initiatives to demonstrate how a bill becomes a law. They might be introduced and receive a hearing.

Commissioner Montri inquired about the bill to repeal daylight savings time. Mr. Blakely advised he did not expect a conversation around that bill.

Following further discussion on the format of the Legislative Report, the Commission requested indication be added to the report to reflect (1) bills the Administration supports/about which has concerns; (2) bills currently seeing action that are of importance to MDARD; and (3) bills actually expected to be considered. Also, as

Mr. Blakely suggested, he will forward to the Commission an electronic version of the report with hyperlinks to bills and analyses.

URBAN LIVESTOCK WORKGROUP REPORT: James Averill, State Veterinarian and Division Director, Animal Industry Division

Dr. Averill reported the outstanding efforts of numerous individuals over the last year, from both technical and policy standpoints, culminated in developing the Urban Livestock Workgroup Recommendations Report. Workgroup members included local municipalities, various associations, farmers and producers, government, and academia. He recognized all of those individuals for their efforts.

Many consumers are placing a higher value on fresh, locally grown foods. They want to know where their food comes from and how it is raised. These increased interests have led individuals to want to raise livestock in urban/suburban areas, whether by capitalizing on roof tops, vacant lots in areas with urban blight, or space in their own backyards. Accommodating these interests comes with challenges and requires a balanced approach.

Food and agriculture is one of Michigan's key economic drivers – both from a statewide perspective and a local one as well. In some parts of the state, agriculture is a major engine driving the local economy. As more and more people value the benefits of fresh, locally grown foods, the industry is creatively stepping in to meet market demand and provide specialty products. Michigan is the second most diverse agriculture state in the U.S. and many see an opportunity to capitalize on what Michigan has to offer.

Relative to livestock, the department's role under the Animal Industry Act is to (1) maintain a list of reportable animal diseases, (2) disease surveillance and monitoring programs, (3) control animal movement, (4) animal identification, (5) quarantine animals, and (6) order animals destroyed. Relative to farm operation, the Michigan Right to Farm Act (RTF) (1) gives farmers protection from nuisance suits, (2) provides for the Generally Accepted Agriculture and Management Practices (GAAMPs), and (3) dictates the GAAMPs be approved by the Commission of Agriculture and Rural Development.

The RTF Act was passed in 1981 (and amended several times since, most recently in 1999) to give farmers protection from nuisance suits. Every year, MDARD RTF receives about 150 new complaints regarding farms of all sizes. Most of these complaints concern livestock and poultry and center on nuisance conditions, including odors, noise, dust, traffic, etc. Neighbor relations are significant factors in many of these complaints, including the farms' compatibility with surrounding land uses and realistic expectations by neighboring properties.

The program uses GAAMPs that have been developed over the course of nearly 30 years to address these complaints. The challenge is the fact that these acceptable agricultural practices have been developed for rural Michigan. GAAMPs consider what could be large numbers of livestock in areas where there are very few non-farm homes. The decision process attempts to assure little to no impact on these neighboring sites.

Director Clover Adams and Senator Joe Hune recognized there was a need for continued discussion on the growing trend for consumers wanting to raise livestock in urban and suburban settings. Two Urban Livestock Workgroups were established that met on numerous occasions and developed the Urban Livestock Workgroup Recommendations Report, which was submitted to the Director and Senator Hune on March 15, 2015.

The Policy Workgroup's charge, which he chaired, was to formulate recommendations that will stimulate and support local efforts to address the increased interest in raising livestock in urban and suburban areas for home use and sale to local markets. This group consisted of individuals representing municipalities, associations, and farmers – from seventh generation farmers to people who are first in their families to raise fruits, vegetables, or livestock in generations.

The charge to the Technical Workgroup, chaired by Jim Johnson, was to identify key areas, based on current scientific knowledge, of which to be aware when raising livestock in urban and suburban areas.

The two workgroups worked simultaneously throughout the year. The Technical Workgroup was considering all of the science and information relative to key areas. The Policy Workgroup was developing ideas to create an appropriate policy framework.

The Technical Workgroup identified major criteria needing consideration, including (1) understanding your soils, (2) livestock health, (3) livestock housing, (4) waste and manure management, (5) livestock slaughter and euthanasia, and (6) pest control. The report provides detail on each of these areas, not only from an animal health, but from a public health standpoint when raising livestock in urban settings, and to some extent, addressing the societal issues. Also included is background for each criteria area, the associated risks, recommendations for addressing risks, and resources for additional information available.

The Policy Workgroup section includes majority and minority reports to recognize where the group was not able to come to a consensus and includes concerns of all parties within the report. Recommendations from the Policy Workgroup include development of an Urban Agriculture Act to require the development of guidelines for agricultural management practices to support and encourage urban/suburban agriculture. It would give authority to develop and approve guidelines to the Commission of Agriculture and Rural Development. As part of that charge, the Commission would bring together a diverse group of experts, producers, academia, and government officials to develop, review, and recommend guidelines initially and on an annual basis as necessary. The Act would also provide for local (county, township, city, or village) zoning authority over agriculture in urban/suburban areas. The group additionally recommended seeking introduction of the Urban Agriculture Act during the current legislative session.

These are simply recommendations and are not policy. The full report can be found at: www.michigan.gov/mdard. The Director and Senator Hune will be carefully and thoughtfully reviewing the report. The recommendations are an important first step in the policy discussion moving forward regarding the complex issue of urban livestock.

Commissioner Montri added although livestock in urban areas was the charge, there also needs to be a solution for agriculture in urban and suburban areas as was expressed during Policy Workgroup meetings. Dr. Averill confirmed the recommendation is to develop an Urban Agriculture Act with the intention it would encompass all types of agriculture. Commissioner Montri reported that Senator Hune indicated they do have every intention of introducing a bill.

Commissioner Walcott advised Grand Rapids is requiring a certain lot size in correlation to the number of chickens that a city resident may have on their property. Dr. Averill advised the Technical Group considered animal housing issues and their guidelines are included in the report. A number of municipalities, such as Grand Rapids, have established a process to allow for backyard poultry, or other livestock, if the resident meets the criteria.

At request of the Commission, Dr. Averill provided an update on the current Avian Influenza situation. At this time, Michigan does not have a case. When that does occur, we are ready as a department to respond in a timely and effective manner and have been monitoring the situation very closely.

This is the largest Avian Influenza outbreak the U.S. has ever experienced. Right now, the disease has been found in 15 states and 32 million birds have been impacted. It began in British Columbia last fall, moved into the State of Washington in December 2014, and jumped into the Midwest where it entered the Central Flyway. It has been devastating for Minnesota, Iowa, and Wisconsin. It is now just south of us in Indiana and just east in Ontario. Michigan's poultry industry has done an amazing job of increasing their biosecurity practices to help mitigate the disease affecting their flocks. This is a disease that most likely came from wild birds initially; however because of the level of transmission being experienced, evidence indicates breaks in biosecurity in farm operations. The hypothesis is the disease is being transmitted through the air, which would have been accelerated by spring plowing and winds carrying the droplets.

It is neither a food safety issue, nor a public health issue at this time. Michigan is ready and watching very closely. In response to inquiry from Commission Walcott, Dr. Averill advised there are no border closures in Michigan; however, Secure Food Supply Plans are in place to protect each commodity in the event of an emergency to allow for movement of products under certain criteria and prevent crippling of the industry.

In response to questions from Commissioner Montri, Dr. Averill advised the current Avian Influenza is the high pathogenic type which causes almost complete devastation of a flock within days. To help contain the disease, the department depopulates affected birds and ideally, they are composted within the barn or onsite. None of the birds from an infected flock reach the food chain.

BUDGET UPDATE: Maria Tyszkiewicz, Budget Officer

Ms. Tyszkiewicz reported the House and Senate have passed their versions of the budget and general fund revenue estimates will be announced on Friday. At that point, the conference committees will be assigned.

The House budget for the department is \$1.2 million gross over the Governor's recommendation. An increase in MAEAP represents \$1 million of that amount and the other is funding for the Commercial Forest Audit.

The Senate is under the Governor's recommended budget because they did not include MDARD's fee revenue, but they are \$200,000 in general fund above. The Governor's recommendation included \$500,000 one-time funding for Laboratory equipment purchases. The Senate redistributed that money and added funding for the Commercial Forest Audit, reinstated the Value-Added Grants line at \$250,000, added \$20,000 in the Shows and Exhibitions line, and restored \$130,000 for the County Fairs Capital Improvement Grants.

It is expected the budget bills could be completed by the first of June.

Commissioner Meachum inquired about road funding. Ms. Tyszkiewicz advised the Legislature wants to complete the budget first and then address road funding. Road funding could eventually have a negative impact on agency budgets.

MICHIGAN ASPARAGUS ADVISORY BOARD REDISTRICTING REQUEST: John Bakker, Executive Director, Michigan Asparagus Committee; and Jeff Haarer, Agriculture Products Unit

Mr. Haarer advised the Michigan Asparagus Advisory Board (MAAB) requests approval by the Commission for district reapportionment of the MAAB in accordance with the Agricultural Commodity Marketing Act, PA 232 of 1965, as amended. Section 7(4) of PA 232 states, "A committee, with the advice and consent of the Director and the Commission of Agriculture, may reapportion either the number of committee members or member districts, or both."

Mr. Bakker advised at their December 8, 2014 meeting, MAAB voted that one of the two Southwest board positions be reapportioned to an At-Large position. Currently, MAAB requires the nine member board include three grower representatives from the Northern Central area, two from the Southwest area, and four members appointed At-Large. The request is supported by the 2012 Michigan Census of Agriculture. In 2007, 1,561 of Michigan's 12,127 acres of asparagus were located in the Southwest area. By 2012, only 744 of a total 9,405 acres (8 percent) were located in this area. Presently, approximately 22 percent of the board is mandated to come from this area. Therefore, a district reapportionment is desired to more accurately represent the asparagus acreage in Michigan. Director Clover Adams concurs with the reapportionment request based on an agency review of the information provided.

In response to question from Commissioner Walcott, Mr. Bakker confirmed there is no territorial restriction placed on the At-Large position.

MOTION: COMMISSIONER WALCOTT MOVED APPROVAL OF THE MICHIGAN ASPARAGUS ADVISORY BOARD DISTRICT REAPPORTIONMENT AS REQUESTED. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.

Mr. Bakker also provided an update on the beginning of the asparagus season in Michigan. He thanked the Director for the significant effort MDARD has devoted to assisting the asparagus and other industries in the state to solve their labor problems. The workgroup has been meeting bi-monthly for over a year to ensure the state agencies in place are performing optimally to industry needs and no obstacles exist at the state level. Progress is being made through that effort.

Asparagus season began the first of last week, which was earlier than expected. As a result, they were short on labor. It was a combination of warm weather pushing harvest much earlier and waiting for labor to arrive from Texas once school is out. When asparagus is over 10-11 inches, it is no longer saleable. And once behind, the only option is to mow the field and lose that harvest, along with the next few days of crop. It is very devastating to the growers. It is estimated that between 500,000 and 1,000,000 pounds of asparagus have been destroyed to date. Some labor is beginning to arrive.

The larger issue going forward, despite higher prices and demand, is the decrease in asparagus acreage. Seed dealers are reporting only 60 percent of expected sales. This represents asparagus that would reach market from 2018-2030. It is unfortunate we have an industry that is primed to grow, yet growers are reluctant to plant because of labor availability.

Commissioner Montri asked about the potential for mechanization. Mr. Bakker advised that has been considered since the mid-1970s. The best possible design destroys about one-third of the crop. The number of decisions a machine has to make, and then be able to pick that spear that is just the right size without damaging the surrounding ones, is a very complex problem. Mechanical harvest simply is not a viable option.

Regardless of the state, the time of year, the wages, or the crop, everyone around the country seems to be having the same problem with labor shortages. That specialized workforce is shrinking.

In response to question from the Director, Mr. Bakker advised Peru raises and imports asparagus year around. The Director reported vegetable imports have increased by 25 percent over the last few years.

Commissioner Walcott asked if there were a way to bring labor to Michigan earlier in the season and in larger numbers. Mr. Bakker noted the Ag Jobs Program, initiated by commodity organizations, is working toward solutions. Canada has a good program, similar to the U.S. H2A program, but much easier with which to work. Commissioner Walcott confirmed the H2A program is extremely cumbersome.

In response to question from Commissioners Hanson and Montri, Mr. Bakker advised the asparagus industry in Peru is very high-tech and essentially they do not use chemicals any differently than the U.S. He noted 60 percent of the imported asparagus is shipped by air within two-three days of harvest. The 40 percent shipped by ocean container arrives in the best case scenario about three weeks old in the supermarkets, has a very short shelf life, and not much flavor.

MICHIGAN CORN GROWERS ASSOCIATION AND CORN MARKETING PROGRAM OF MICHIGAN UPDATE: Jim Zook, Executive Director

Mr. Zook welcomed the Commission to their building and noted that hopefully, they can host the Commission again.

There are two organizations working for Michigan corn growers. The Corn Marketing Program of Michigan (CMPM), which is a check-off program and provides education, promotion, research, and market development. The other is the Michigan Corn Growers Association (MCGA), which is a grassroots membership organization that advocates for state and federal policies that enhance the corn industry.

CMPM works to educate the public, consumers, media, lawmakers, and opinion leaders about Michigan's corn industry through scheduled events, radio, and in print. It also combats misinformation and proactively tells a positive story on key issues.

Through the Great Lakes Crop Summit, Farm Bill informational meetings, and regional research meetings, CMPM provides Michigan corn farmers with the latest information to help boost yields and grow their bottom lines. Since 2000, CMPM has invested more than \$5 million in research that has focused on 4R (right source, right rate, right time, right place) nutrient stewardship strategy, genetically modified organisms (GMOs), soil quality, sustainability, value-added activities, and various water issues.

CMPM invests money to build markets and stimulate demand for corn and corn-based products. Those include ethanol, livestock feed, and exports. About one-third of the corn goes into ethanol production, nearly one-third into livestock feed, and the remainder is exported. Efforts are being made to create more industries within the state to keep those export dollars here. He noted that one-third of the corn for production of ethanol comes out as a high-protein feed ingredient. A reserve is always maintained to provide livestock feed when shortages occur.

He pointed out when the price of corn increased, many people blamed ethanol for that spike. However, corn is a commodity and commodity markets trend together because they are allocated by demand. It is a combination of the dollar, foreign policies, and domestic markets. The increase in corn prices in 2010-2012 actually moved with the price of crude oil – representing commodity-driven prices with a direct correlation to crude oil as demonstrated.

Together, CMPM and MCGA work on a range of issues that affect the corn industry. The key ones include GMOs, ethanol, and exports and trade. CMPM works to educate the public and lawmakers about GMOs through sound science to combat myths. The significant advantages of GMOs include higher yields on the same land, less fertilizer, fewer pesticides, and less water usage. Although state and local governments are pushing for a patchwork of GMO labeling rules, the Safe and Accurate Food Labeling Act (HR 1599) would offer the advantage of national, science-based standards for food labeling under control of the U.S. Food and Drug Administration (FDA).

Ethanol offers several benefits, including saving consumers money at the pump, a cleaner environment, and creating local jobs and economic development. The Renewable Fuel Standard is critical to the continued growth of this industry to provide fair market access and consumer choice. There currently are five ethanol plants in Michigan and all of the fuel produced here stays within the state.

The Michigan farm gate value of corn has grown significantly. The farm gate value in 2001 was \$394 million and that number peaked at \$2.1 billion in 2012. The value dropped to \$1.4 billion in 2013 and will most likely level out at about \$1.2 billion. The largest concern over the next few years is the fact corn producers will be below break-even costs and many will need to change crops.

Since 95 percent of consumers live outside of the U.S., the future of American agriculture depends largely on the ability to sell to foreign markets. Policy will be key in opening new markets. Through recent meetings with the U.S. Grains Council, it became apparent that it is not corn that other countries want, but rather distillers grain and ethanol.

In response to inquiry from Commissioner Kennedy, Mr. Zook advised the CXS rail spread issue will be a major issue for the corn industry, as the majority of that product is moved by rail.

Commissioner Walcott asked about seed corn research and development. Mr. Zook advised Iowa State University is actually training the next generation of breeders. Monsanto is using high tech approaches in the seed industry. We need to understand that breeding corn still requires the base parents and all of the other traits are simply added.

RECESS AND RECONVENE

Chairperson Meachum recessed the meeting at 10:45 a.m. for a brief break. He reconvened the meeting at 11:08 a.m.

FOOD SAFETY: Kevin Besey, Division Director, Food and Dairy Division

Mr. Besey reviewed MDARD's presentation relative to the Food Fee Package given to the Legislature recently. The details demonstrate why the department requested food fees at this time.

The Food Fee Package exists for changing our internal Food Safety Program with our inspectors, not the local health department component. The focus areas include (1) reduce regulation for certain low-risk operations; (2) simplify license late fees; (3) increase industry fees for the first time in 15 years by \$2.5 million over three years; (4) fees for small food facilities would move from \$67 to \$183 and large food facilities from \$167 to \$468; and (5) industry would move from paying 26 percent of the associated costs to 37 percent.

MDARD is at a point, and has been for some time, where it can no longer meet the demand for business compliance assistance for new and growing food businesses and also evaluate food establishments often enough to assure the public's food safety. Even

in low-risk establishments, food safety and sanitation can go badly wrong. He reviewed details of several recent examples. MDARD has over 6,000 evaluations due each year for which it does not have sufficient staff to complete.

In response to question from Commissioner Meachum, Mr. Besey advised any food safety concern, including out-of-date items still being available for sale, should be reported to the department.

The program's objective is to prevent business disruption due to contamination incidents and illnesses. Food safety inspectors provide skilled evaluation of food establishments for early detection and identify conditions that may contribute to food contamination and possible recalls. Incidents can put hundreds of employees out of work, cost millions of dollars, and cause considerable downtime for operations, sometimes culminating in permanent closure. He reviewed examples of four incidents that never made the news, but resulted in significant impacts on the companies involved, two of which subsequently went out of business.

A food license offers multiple benefits to Michigan food businesses, including (1) license globally recognized as a trusted sign of food safety, (2) locally stationed food safety consultant, (3) 24/7/365 emergency response and on-site assistance, (4) export certificates, and (5) exceptional customer service. Consultant-provided services include compliance reviews, business growth counseling, opening evaluations to expedite licensing, plan reviews, product label reviews, and sampling and testing. When comparing MDARD versus industry costs with the proposed fees, the same services from private consultants, if even available, would cost more than twice as much just for the inspection services alone, with no consideration for all the other services provided by MDARD staff.

Commissioner Kennedy asked what differentiates small and large food businesses. Mr. Besey advised large in processing is greater than \$25,000 in gross product and large on the retail side would be a grocery store that has a deli with seating. Even though the majority of businesses fall into the small category, inspections are very time intensive.

As food establishment evaluation frequency goes down, industry compliance drops, and foodborne outbreaks rise. In the last 15 years, the retail segment has grown 18 percent, food processing and warehousing has grown 50 percent, and MDARD has lost four inspectors. With 2,200 licensed establishments, the workload has increased significantly. MDARD also reduced management and support staff and closed regional offices during this period. In addition, evaluations have become much more complex, requiring extra staff time to complete.

The proposed food fees provide a low-cost investment for significant return. The increased investment can benefit businesses by providing compliance reviews on a responsible schedule and enhanced customer service resulting in fewer costly illnesses, outbreaks, and food recalls, and lower business operating costs (risk reduction, decreased liability, and recall insurance savings). A Michigan food license is recognized across the state and around the country. However, if we are not inspecting frequently enough to verify a business meets standards, that license will give a false impression.

New stores need their food license quickly in order to qualify for food stamps and other licenses and prevent their going out of business – our inspectors are very business critical to those establishments.

According to a recent publication, in the U.S. alone, food recalls and foodborne illnesses bear an annual price tag of \$77 billion across the country and in Michigan that equates to \$2 billion. We are looking at a \$1.2 million proposal to bring down a \$2 billion problem.

The proposal is a four-year plan to improve efficiency and save the industry dollars. Investments made to date include \$7.2 million from the Legislature to balance the budget, improve technology, add staff, and provide for a department-wide evaluation and licensing system to provide long-term savings and efficiency. Technology and process improvements are anticipated to increase staff efficiency by at least 25 percent. Proposed is a \$2.5 million industry fee package to complete hiring of needed staff through proportional increases using the current fee structure, provide that all fees stay within the program, conduct 6,000 plus more evaluations annually, and improve timeliness to assist businesses. With the passage of the proposal, the industry would provide 37 percent of the program costs, while tax dollars would cover the other 63 percent. The fees would be phased-in equally over a three-year period.

Each of the department's inspectors is basically working with an average of nine businesses at any one time on some type of compliance assistance issue to help that business grow. On average, each inspector helps start or grow 20 significant food businesses each year. Because staff are in multiple businesses every day, they have a significant impact in helping businesses meet their needs. When those needs go beyond food safety compliance, they connect them with other business consultants in MDARD's Office of Ag Development, MSU Product Center, incubator kitchens, and any other types of resources they might need. He shared an example of communications from partners and customers expressing their appreciation and recognition of MDARD inspectors – something received on a regular basis. If MDARD were a typical bureaucratic regulatory agency, these types of appreciation would not exist. Our staff is very committed and invested in their customers, and we need to right-size those jobs.

Two one-page graphics were developed at the request of the bill sponsor to quickly express the advantages of the proposal to other legislators. The first demonstrates that a fully funded Food Safety Program means increased education and compliance, healthier people, stronger businesses, and a license with real value. The other shows that for 32 cents a day, a food license provides for increased food safety monitoring, compliance assistance, small problems solved before they become big, business consultative services, and a license that means something so customers trust the food they buy is safe.

In response to questions from Commissioner Montri, Mr. Besey advised if the proposal is funded, staff will be able to accomplish even those things that currently must be left undone. A certain amount of efficiency will be gained through the new information technology being implemented and additional staff will provide the remainder of efficiency needed.

Commissioner Walcott asked if inspection frequency is based on prior violations. Mr. Besey reported the inspection schedule is based on a combination of factors. A facility is initially scheduled according to their operational risk level and that is adjusted according to inspection history, rather good or bad, to allow for staff being in the right place at the right time. In response to question from Commissioner Hanson, Mr. Besey advised generally, inspections are unannounced, with farm markets being the exception because they are more consultative in nature. Staff also conducts contract inspections for the Food and Drug Administration (FDA), which includes 350-400 processing facility inspections each year that also involve environmental and import sampling.

Relative to the meat variance project, Mr. Besey advised one of the reasons they wanted to work directly with the Michigan Meat Association on developing a good food safety plan for specialized retail meat processors is these companies can shut down because of safety issues. The department wants to support those companies as much as possible. At this point in time, applications have been received from just over half of the 378 meat processors with whom they are working and those are in various stages of the variance request process.

MICHIGAN DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
COMMUNICATIONS AND OUTREACH: Jennifer Holton, Director of Communications and Heather Throne, Deputy Public Information Officer

Ms. Holton advised the Office of Communications is comprised of four staff members, the Communications Director (Jennifer Holton), Deputy Public Information Officer (Heather Throne), Electronic Media Coordinator (Bob Andorfer), and Graphic Designer/Social Media Coordinator (Cheri Cavanaugh). Ms. Cavanaugh will be working on a branded strategy for MDARD's social media to create a greater presence in that area. An increasing number of people are trending there, as well as breaking news being posted in social media.

Part of the office's Operation Excellence effort is creating standard operating procedures for the various aspects of communication it coordinates. Those include (1) crisis and issues management, such as food recalls, pet food recalls, farm spills, and animal health; (2) traditional media, including media calls, press releases, call log, and the PIO Report for the Governor's Office; (3) website content; (4) social media postings; (5) graphic design production; (6) releases, talking points, and advisories; (7) video production; and (8) outreach activities.

Ms. Throne reported the department recently launched the second edition of the *Michigan Agriculture* magazine. It is larger than last year's edition with a 20 percent increase in advertising. The response from advertisers, partners, and readers has been very positive for the publication. They report enjoying the educational aspects of the articles, as well as the outstanding photography and graphics included.

The magazine was distributed across the state. It is available at Michigan Department of Transportation Welcome Centers, Conservation Districts, veterinarian and dentist offices, libraries, and the advertisers each received numerous copies as well. They are also on hand in the main lobby of Constitution Hall and in the Capitol building. Should

the Commissioners need extra copies at any time, contact Ms. Thone and she will be happy to forward as many copies as needed.

Work has already begun on the next edition and that third edition will be published in the spring of 2016. Ms. Holton encouraged Commissioners to submit story ideas for that edition, in particular toward their goal of educating consumers and the general public about the depth and breadth within the food and agriculture industry.

Ms. Holton noted it has taken considerable effort and building of relationships to bring media to the realization that food and agriculture offers real business opportunities and there is so much more to the industry than they previously perceived. She reviewed some examples of traditional media headlines over the last two months, including “Despite tough new rules, food safety still a gamble” (*Detroit Free Press*, 4/15/15), which talked about why people need to invest in food safety and why the fees are necessary. An editorial, “Despite problems, system is working!” (*Lapeer County Press* December 2014) gave kudos to MDARD staff for the transparency and work accomplished during the Lapeer Grain situation. Another article, “Michigan Ag Department adding staff, want to increase fees for food safety inspections” (*MLive*, 1/21/15) advised people need to understand the value of what the department does and why investing in this effort over a three-year period makes such good sense, not just for the consumer, but for the businesses themselves. The last example covered anti-freeze, “Schuette, Clover Adams announce investigation of ten Michigan businesses related to faulty anti-freeze distribution” (*PQIA*, 3/18/15) where dealers were knowingly selling bad product. It was an opportunity for MDARD to showcase how the department is behind the scenes protecting consumers every day.

As mentioned, another opportunity to communicate is through social media. The Office of Communications posts daily to Facebook and Twitter, and most – but not all – videos are uploaded to MDARD’s YouTube channel. Rather than taking press on tag-a-longs and using valuable staff time, videos are produced and shared with the media. With shrinking newsrooms and backpack journalists, we need to give them everything they need to write a good story – the more we can provide information to make it multi-media, the better off we are.

Currently, over 8,000 “likes” have been received on Facebook and the department has 9,300 “followers” on Facebook and Twitter, which is a significant uptick recently. Facebook posts are leaning more toward information in which we think our customers are interested and it is also used as an educational platform. Stories from Michigan State University, Michigan Farm Bureau, and State of Michigan media are also posted regularly.

In response to question from Commissioner Montri, Ms. Holton advised with \$1,000 from their budget, a social media pilot was conducted. This resulted in the increase in Facebook and Twitter followers. In addition, a considerable amount has been accomplished with no additional funding.

The recent Avian Flu situation was not picked up by traditional media; however, it has been an active topic within social media and one of the updated posts reached more

than 47,000 people. She shared a video the department posted demonstrating biosecurity practices needed for poultry operations. It is all about what can be done on both traditional and social media to inform consumers, provide stakeholders with needed information, and promote the work accomplished by the department.

Commissioner Kennedy complimented staff on their efforts toward effective communication of department issues and accomplishments. Commissioner Montri concurred and added she likes the changes made over the last few years, in particular the URL shortcuts that provide easier access for users when accessing MDARD's website. Ms. Holton advised their goal is to create even more of those redirects to be more user and mobile friendly, with a goal for users to reach the information they need in three clicks or less. She asked if Commissioners are hearing things within their industry that could help make improvements, to please advise her office.

Commissioner Hanson noted the efforts to convey the true face of today's farmer, as in the Agriculture Magazine, are appreciated by those in agriculture and will help recruit young people into the industry. Ms. Holton advised agriculture careers will be a topic of future focus on the department's social media, highlighting not just farming, but all of the components that comprise a food and agriculture based career.

Chief Deputy Director Wenk introduced Megan Sprague, who is the new Communications Representative for the Animal Industry Division. She comes to the department from the Michigan Pork Producers Association.

COMMISSION POLICY MANUAL: Cheri Ayers, Senior Executive Management Assistant

Ms. Ayers reported, as has been done periodically in the past, she asked each of the MDARD's divisions, Office of Legal Affairs, and Executive Office to review the Commission Policy Manual and advise of any needed changes or additions.

A change was proposed to add an item under the procedures section stating "The Commission Policy Manual shall be reviewed, revised as necessary, and re-approved on at least a biennial basis." This is the only proposed change at this point in time.

MOTION: COMMISSIONER WALCOTT MOVED APPROVAL OF THE CHANGES TO THE COMMISSION POLICY MANUAL AS REVIEWED. SECONDED BY COMMISSIONER MONTRI. MOTION CARRIED.

COMMISSIONER ISSUES

There were no issues to share.

PUBLIC COMMENT

No public comment was requested.

ADJOURN

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

The meeting was adjourned at 11:57 a.m.

Attachments:

- A) *Agenda*
- B) *Agriculture and Rural Development Commission Meeting Minutes March 18, 2015*
- C) *Director Jamie Clover Adams – Issues of Interest Report*
- D) *Legislative Status – May 2015*
- E) *Raising Livestock in Urban Settings Presentation*
- F) *Michigan Asparagus Advisory Board Request for Reapportionment Documents*
- G) *Growing Michigan’s Corn Sector Presentation*
- H) *Investing in Michigan Food Safety Presentation*
- I) *Office of Communications Presentation*
- J) *“Michigan Agriculture” Magazine*
- K) *Michigan Commission of Agriculture and Rural Development Policy Manual Draft Revisions*