

MICHIGAN COMMISSION OF AGRICULTURE
Capitol Building
Room 428
101 N. Capitol Avenue
Lansing, Michigan

MEETING MINUTES
April 26, 2006

PRESENT:

Douglas Darling, Chair, Commission of Agriculture
Dale Norton, Vice-Chair, Commission of Agriculture
Ann Jousma-Miller, Secretary
James Byrum, Commission of Agriculture
Don Coe, Commission of Agriculture
Mitch Irwin, Director, Michigan Department of Agriculture

OTHERS PRESENT: (all or part of the meeting)

Senator Liz Brater
Senator Cameron Brown
E.J. Brown, Michigan Association of Fairs & Exhibitions
Representative Dianne Byrum
Representative Judy Emmons
Amy Frankmann, Michigan Nursery & Landscape Association
Representative Goeff Hansen
Terry Holloway
Representative Kathleen Law
Representative Neal Nitz
Representative Mike Nofs
Representative John Proos
Tonia Ritter, Michigan Farm Bureau
Senator Mark Schauer
Senator Gerald Van Woerkom
Anne Woiwode, Sierra Club

CALL TO ORDER AND ROLL CALL

Chair Darling called the meeting of the Commission of Agriculture to order at 9:50 a.m. on Wednesday, April 26, 2006.

Representative Dianne Byrum welcomed the Commission to the Capitol Building. She stated she looks forward to a very strong working relationship with the Commission. Representative Byrum comes from an agriculture background and represents a district that has a rich tradition in agriculture. She is excited about Michigan State University and how they

are poised to take advantage of the biomass movement as an economic sector.

Senator Cameron Brown welcomed the Agriculture Commission to the Capitol. He stated that the Senate's roll in the budget cycle is to work with the Michigan Department of Agriculture (MDA) and the Commission. He appreciates the good work done and shares a passion for agriculture. He also represents a district that is largely agricultural. His mother grew up on the family farm and lives in the farmhouse his great-great grandparents built. He has always been appreciative of that farm background because of the ethic and values that represents. He asked that the Commission let them know how to best advance the cause of Michigan's 2nd leading industry and try to make it the leading industry.

Commissioner Jousma-Miller thanked Senator Brown for his sponsorship of the Agriculture Tourism Commission. She stated that a preliminary report with recommendations would be shared with the Commission of Agriculture and with continued support there is an opportunity to enhance that industry.

Representative John Proos welcomed the Commission to the Capitol Building. He commented briefly about the challenges faced in coming to good policy agreements with the Michigan Agriculture Environmental Assurance Program (MAEAP) package. He stated that the Commission has great resources and looks forward to working with them and with working with the Chair of the House Agriculture Committee, Representative Neal Nitz, to get the job done. He thanked everyone for their continued support and the opportunity to make a difference in the agricultural industry in Michigan.

Representative Neal Nitz thanked the Commission for an opportunity to address them. He stated that the House Committee had been quite busy. He commented briefly about the seed bill currently moving through the House. He thanked everyone for their hard work and stated that it has been a pleasure serving as chair and working with Director Irwin over the last year.

Chairman Darling thanked all the legislators for their hard work and for sharing their thoughts and for the legislative staff who attended the reception prior to the start of the meeting. He also thanked Commissioner Byrum for the idea of holding the Commission meeting at the Capitol.

Secretary Jousma-Miller called the roll with Commissioners Darling, Norton, Byrum, Coe and Director Irwin present.

APPROVAL OF AGENDA

MOTION: COMMISSIONER COE MOVED TO APPROVE THE APRIL 26, 2006 AGENDA AS PRESENTED. SECONDED BY COMMISSIONER NORTON. MOTION CARRIED UNANIMOUSLY.

APPROVAL OF FEBRUARY 9, 2006 MEETING MINUTES; MARCH 9, 2006 MEETING MINUTES AND MARCH 9, 2006 JOINT NATURAL RESOURCES COMMISSION/AGRICULTURE COMMISSION MEETING MINUTES

MOTION: COMMISSIONER NORTON MOVED TO APPROVE THE FEBRUARY 9, 2006 MEETING MINUTES; MARCH 9, 2006 MEETING MINUTES AND MARCH 9, 2006 JOINT NATURAL RESOURCES COMMISSION/AGRICULTURE COMMISSION MEETING MINUTES. SECONDED BY COMMISSIONER JOUSMA-MILLER. MOTION CARRIED UNANIMOUSLY.

NEXT MEETING

The next meeting of the Commission of Agriculture is scheduled for June 15, 2006 in the Muskegon area.

COMMISSIONERS' TRAVEL

- March 7, 2006 MSU President's Luncheon, ANR Week – Commissioner Darling
- March 8, 2006 judging at FFA State Contest – Commissioner Darling
- March 1-2, 2006, Michigan Wine Industry Annual Meeting, Crystal Mountain – Commissioner Jousma-Miller
- March 3-4, 2006, Michigan Christmas Tree Association Annual Meeting – Commissioner Jousma-Miller
- April 25-27, 2006, Small Town Rural Development Conference and Agriculture Tourism Strategy Meeting, Grand Rapids – Commissioner Jousma-Miller

MOTION: COMMISSIONER COE MOVED TO APPROVE THE ABOVE TRAVEL FOR THE COMMISSIONERS. SECONDED BY COMMISSIONER NORTON. MOTION CARRIED UNANIMOUSLY.

DIRECTOR'S REPORT

Director Irwin commented about the historic nature of the Commission meeting being held in the Capitol for the first time and the working relationship that has developed with the Commission members, staff and members of the legislature.

He spoke briefly about the budget process and the current status of MDA's budget. Staff has been very diligent about conveying MDA's needs on behalf of the citizens of Michigan indicating the challenges faced.

Director Irwin discussed the status of Michigan's electronic animal ID program that the Commission formally supported at the December meeting. The program will be starting with cattle in March 2007. The action taken by the Commission is historic and meaningful to preserve and protect the integrity and safety of our food supply for consumers and open markets that have been closed because of lack of traceability.

Communicating the importance of this program to the farm community is very important. That process has begun and he commended Drs. Halstead, Frank and staff for their work.

Director Irwin shared information about a visit from the Ambassador from the European Union. His message was the same as other officials; if Michigan does not have traceability, there will be no market sales. This step is necessary in order to assure consumers and help producers sell into these markets.

Director Irwin updated the Commission of the status of the Julian-Stille Value-Added Program. The workshops are suspended temporarily until details of newly introduced legislation have been worked out.

He shared the latest *Wine Country* magazine and stated that when the economic impact study of the grape and wine industry is completed, the results will be shared with the Commission. He commented that it is exciting to see the development occurring in that industry.

He also shared a new brochure put together that was used at the Bio-Conference in Chicago. Director Irwin and Commissioner Byrum attended with the Governor. They met with a number of companies that are interested in continuing and/or expanding their business in Michigan or in coming to Michigan. The brochure helps tell the story of how the growth and development of agriculture is helping to diversify our economy and bring new jobs to Michigan.

He briefly discussed MDA's participation in a recent state conference as well as multiple exercises focusing on avian influenza issues. Michigan received \$3 million dollars for planning and preparation of an Avian flu pandemic through the Centers for Disease Control, which is primarily to plan for human disease and pandemic planning. The United States Department of Agriculture (USDA) has also provided funding, which

helped to support a full day planning and exercise meeting with the poultry industry. MDA continues to work closely with the Michigan Department of Natural Resources (MDNR) and the Michigan Department of Community Health (MDCH) on avian influenza planning.

He updated the Commissioners on the Emerald Ash Borer (EAB) Program. There has been a significant reduction in funds from the federal government for the EAB Program. The reduction is because the USDA is funding some of the other states, and funding research and protocol for eliminating EAB. There has been a reduction in force of 38 staff members due to a lack of federal support dollars. Based upon the resources available the staff continues to give the best response possible to the EAB problem.

In partnership with the Michigan Department of Environmental Quality (MDEQ) and MDNR, MDA has instituted the first Leadership Academy. A number of staff members were nominated by their peers and have volunteered to participate in the program. This academy is designed to help nurture the next wave of leaders for the department and to develop skill-sets. Michigan government has a work force that is 25-35% eligible for retirement in the next five years. MDA will continue to help train and recruit individuals that can continue the professional work and the tradition that has been built by the department.

Director Irwin thanked Chair Darling for attending the ANR Luncheon to represent the Commission and help continue the relationship with Michigan State University (MSU.) The research and analysis done by MSU is very important to agriculture.

Director Irwin briefly discussed events and meetings attended since the last meeting including the Future Farmers of America (FFA) Convention; an energy conference on agri-energy; Upper Peninsula State Fair Board Authority; Ceasar Chavez Day, including conversations about the continued growth of Hispanic farmers in Michigan; the Bio-Conference in Chicago; and tours of ethanol plants in Woodbury and Caro.

He discussed the growth of ethanol plants and the need to find uses for the by-products of ethanol production.

He thanked Commissioner Norton for hosting a tour at his farm with Congressman Schwartz. Director Irwin stated that MDA will continue to monitor the farm bill and will give a report at a future meeting.

MDA participated in a successful ethanol press event in partnership with General Motors. Twenty additional gas stations across Michigan will be converting pumps to E-85, with more to come.

He recently met with the new agriculture director for the state of Indiana. A follow-up meeting up will be planned with key staff to discuss critical issues that are border related. We have similar goals and healthy competition and it is important to communicate.

Upcoming events include Agriculture Day at the Capitol (May 23, 2006) and an opportunity for agriculture leaders to talk with Governor Granholm about key issues at the Governor's residence.

Director Irwin commented briefly about the upcoming National Association of State Departments of Agriculture's (NASDA) regional farm bill meeting in Chicago and the Food Marketing Institute's Show in Chicago.

The Department of Management and Budget has a series of meetings coming up. The State of Michigan provides contracts worth \$11 billion a year in goods and services, millions of those dollars for food. Through analysis, it has been determined that the state could be buying more from Michigan producers. The Governor has asked MDA to support an outreach effort to ask Michigan producers how we can make it easier for the producers to bid and access to state contracts and purchasing.

Commissioner Coe commented that there have been a number of meetings in his local area about wind power and farmers being approached for lease agreements for the location of the windmills. He said there does not seem to be a model lease agreement for the farm community. Additionally, there does not seem to be a model zoning ordinance available. He stated that we should make sure that farmers and local government officials have information on how to deal with these opportunities. Director Irwin encouraged individuals to contact the Agriculture Development Division to assist in finding information about lease agreements. There is an upcoming meeting with the Michigan Township Association and the zoning issue will be added to the agenda.

AGRICULTURE ECONOMIC OUTLOOK: Investment Forecast; Jim Schiller, CEO, Greenstone Farm Credit

Mr. Schiller gave background information about Greenstone Farm Credit. They are a dominant lender in agriculture and the rural communities in Michigan. They also serve eleven counties in northeast Wisconsin and are headquartered in East Lansing. There are 37 locations throughout Michigan and Wisconsin. He discussed financial information about

Greenstone Farm Credit (GFC) and he shared information related to their agricultural loan programs. GFC has a local board of directors, it is a cooperative organization owned by the customers and the farmers. They have a very diverse portfolio.

He then shared a PowerPoint presentation that included information about the diversity of their portfolio, economics of agriculture, lending activity, credit report and risk management.

He stated that from an overall perspective, Michigan's agriculture is strong and dynamic. It's diversity and natural resources are a benefit.

Historically, 2003, 2004 and 2005 all had record net farm income. The general economy was strong, even with manufacturing challenges (e.g. auto industry). Off-farm employment has been good, although there is some concern for the future. Real estate values have been very strong.

He briefly reviewed the national economics related to dairy production, corn and soybean production. He commented that dairy prices are beginning to drop. Corn production has been increasing with strong demand. Soybean prices are reasonable with good demand.

Other segments that are neutral to positive include the greenhouse industry, swine industry, fruit industry, turkey industry, and potato industry. Industry segments that are neutral to negative include eggs, poultry and timber.

Overall, there is a positive business climate. Challenges include higher interest rates, energy cost, regulatory issues/costs, and the global economy.

He discussed lending activity over the last five years.

In summary, he believes that agriculture is in a strong position. There are challenges on the horizon, but he is cautiously optimistic. He stated that you must have expertise and financial strength to manage the cycles.

In response to a question from Commissioner Norton, Mr. Schiller stated that real estate prices are stable.

A brief discussion ensued related to commodity prices.

Crop Production Report: Art Loeffler, Star of the West Milling Company

Mr. Loeffler discussed the history of Star of the West Milling Company. Star of the West Milling Company has been in the milling business in Michigan since 1870. At the turn of the century, there were 500 mills in Michigan, but currently there are five mills operating, two owned by Star of the West Milling.

He discussed flour milling, wheat, corn, soybeans and ethanol.

In 2005, flour production in the United States (U.S.) was down .2%. Star of the West's production was up 1.5%. Other mills in Michigan were up 1.6%. Ohio and New York mills were up 4.2% and 5.8% respectively. Information for Indiana was not available.

Per capita flour consumption has gone down slightly since 1997 to 132.5 pounds per person. Whole grain popularity is helping consumption. He briefly discussed the acres and types of wheat planted, harvested and yield since the mid-1800's.

He reviewed Michigan wheat percentages by type of wheat. Michigan is primarily a soft wheat industry.

North Dakota has passed Michigan in production of dry beans, but Michigan is still known for their high quality. There are also issues of foreign competition in the dry bean industry.

Mr. Loeffler discussed acreage, harvesting and yield statistics for corn and soybeans. He shared information about corn supply and demand related to ethanol production. He reviewed the corn belt states corn farm price differential and the corn net exports versus state corn farm price differential.

Overall, he is positive about the outlook in his industry.

Commissioner Coe asked if there are export markets for DDG's. Mr. Loeffler said there are, but there are transportation issues.

In response to a question from **Commissioner Darling**, Mr. Loeffler briefly discussed the dry bean industry in North Dakota.

Bioeconomy Strategic Opportunities: Dr. Mark Stowers, MBI International

Dr. Stowers is a microbiologist by training and has spent one third of his career in research and development and two thirds in agriculture working

with Monsanto in their business development area. He also worked with a large vegetable seed company, marketing and strategic planning. He has been with MBI since 2001.

Dr. Stowers shared a PowerPoint presentation with the Commission. He reviewed the bioeconomy market, background and perspectives from the industry; biobased product value chain; enabling technologies with biomass conversion; enabling technologies with new products and projections/timelines.

Currently, MBI is a leader in biomass processing.

Dr. Stowers stated that biotech is now ready for large-scale use in industrial applications. There is now stable and cost-competitive bioprocesses, bio-based feedstocks offer new means of innovation and there is public pressure for safe, eco-friendly and sustainable materials.

This is the third wave of biotechnology, the first being human health care, the second was agriculture and now what is called the industrial biotech wave.

The petrochemical based industry is projected to be a \$1,400 billion industry in 2010, and biotechnology-based chemical products are expected to impact 20% of the chemical industry.

He discussed the impact of raw material costs and processing improvements on petroleum prices today and in the future. He reviewed the soybean oil, crude oil, natural gas, and propylene price index as well as feedstock volumes and costs.

The bio-industrial revolution will require a new set of technologies unique from that of the petroleum-based chemical industry.

Dr. Stowers reviewed the “agricultural value chain” and using biotechnology as an enabler to create a new value chain for molded materials. This includes biomass conversion and biochemical transformation.

He discussed ways to reduce the volume of dried distillers grains (DDGs).

Michigan has an opportunity to be a major player based on the technology of the feedstocks and the fact that there are major chemical, furniture, automotive and pharmaceutical companies here.

It will be critical to increase crop production. Dr. Stowers is concerned that there is a large number of ethanol plants in the state and if there is not enough production. He stated that this could set a trend for bio-refineries and we should look at strategies for the final product usage.

Michigan is in a unique position to partner with end users, not only for existing industries but for new industries and products.

Research investment needs to be looked at. There is still a lot of risk associated with this technology and the private sector is probably going to be reluctant to make large capital outlays until the technology has been proven.

In response to a question from Commissioner Darling, Dr. Stowers stated that there are several petrochemical companies investing in this type of technology research. Other research support has come from other corporations (e.g. DuPont, Cargill, Boeing). The United States Department of Energy and United States Department of Agriculture's contributions are large and continue to grow.

Director Irwin stated MDA's interest in the future of this technology.

Commissioner Byrum discussed a new unit being developed at Michigan Agri-Business Association called the Michigan Bioeconomy Consortium supported by MBI, MSU, MDA and other partners. One segment will focus on fuels and another segment on the bioeconomy arena.

Dr. Stowers stated that in the U.S., 93% of oil goes to transportation fuels and the other 7% goes to the chemical industry.

RECESS:

The meeting was recessed at 12:10 p.m.

RECONVENE:

The meeting was reconvened at 12:50 p.m.

PUBLIC COMMENT

Dana Debel, Governor Granholm's office, welcomed the Commission of Agriculture to the Capitol Building. She highlighted some of the successes the current administration has had working with agriculture. Most notably, is the water legislation that was passed earlier this year. She stated that is a great example of different sectors working together to come up with a plan that had bi-partisan support, industry, environmental, and local

government support. The Governor asked that others use the legislation as a model for working together.

She stated that Governor Granholm feels that finding common ground and crafting good, sound public policy, forging a compromise that protects our industries and allows them to thrive while protecting our environment and great natural resources is what allows industries like agriculture to be successful in Michigan.

Ms. Debel stated that she looks forward to working with the Commission and MDA in the future.

Anne Woiwode, Sierra Club, thanked the Commission for the opportunity to speak. Ms. Woiwode stated that there were 90 Sierra Club volunteers at the Capitol speaking to legislators about a variety of issues.

The Sierra Club has taken a great interest in the pollution issues associates with large scale livestock operations, specifically, the concentrated animal feeding operations (CAFOs) found throughout the lower part of the state. The Sierra Club has been working with both MDA and MDEQ over the past six years trying to find ways to address some of the pollution problems so that as these facilities are built or operated, that air quality, water quality and health of the land is protected, as well as the health of the people throughout the state. The volunteers are talking with legislators about legislation that has caused concern for them, as the legislation would, from their viewpoint, create too much deregulation of CAFOs. The bills are intended to improve voluntary compliance under MAEAP, a program they support very strongly. Ms. Woiwode feels that there is a lot of room to grow in Michigan and the entire area of concern environmentally, is to make the vast majority of farms in Michigan more effective. Most are never going to have the kinds of environmental problems that would require MDEQ attention. There is concern about the efforts that would lead to exempting the CAFOs from environmental laws. They have been pleased that there is some indication that MDA and MDEQ are also meeting and addressing those issues. That is a positive sign and one that they are encouraged by.

The other area of interest is biofuels. The Sierra Club is very supportive of alternative energy sources and the direction the State is going in. They talk about clean and healthy biofuels and their importance as we build this alternative industry, making sure that it addresses the environmental concerns that may come about, that the energy process is a sustainable one and is building for the future.

She stated that The Sierra Club feels that ethanol (industry) can be grown without growing the CAFO industry. They feel the DDGs can be fed to existing livestock operations without creating more CAFOs.

She thanked the Commission for the opportunity to speak.

BIOMICHIGAN INITIATIVE: Keith Creagh, Deputy Director, MDA

Mr. Creagh distributed a copy of the brochure designed for the Bio Conference in Chicago.

He concurred with Dr. Stowers that bioeconomy is about chemistry, biochemistry, physiology, engineering, physics and computer technology. Right now the focus is geared toward medicine.

Agriculture interests are emerging, but they are not quite as mature as the other industries. Part of our challenge will be how to support those interests over time. Hardly a day goes by in the department that someone is not receiving a call on an idea, on a business venture on some ability to assist. One challenge is the maturity of the requests vary from "here's a pretty good idea, it's ready to go" to "the return on investment is seven years out". The question is how to help build capacity over time.

Staff has been involved in biofuels which is one of the building blocks to a bioeconomy. As you heard Dr. Stowers say, it is only the entrance point. Until you can find other value-added opportunities, you may be missing real profitability.

MDA has been partnering with MSU's Ag Products Center on bioeconomy economic growth opportunities. He briefly discussed Phase I of a project that identifies opportunities for Michigan as well as advantages and disadvantages. However, overall quantification of the bioeconomy does not yet exist.

Additionally, Saginaw Valley State University is also working on alternative fuels.

MDA has been involved and needs to continue that involvement and build its capacity and capabilities.

Mr. Creagh thanked Commissioner Byrum for his leadership in this area.

AGRICULTURAL TOURISM COMMISSION UPDATE: Ann Jousma-Miller, Chair

Commissioner Jousma-Miller submitted a preliminary report from the Agricultural Tourism Advisory Commission. She reviewed the history of the Commission and its purpose.

Since June 2005, the group has met, divided into subcommittees, and developed a timeline. The subcommittees addressed marketing, zoning and signage. Listening sessions were held across the state. During those sessions, committee members were able to get a better understanding of issues.

Once into the listening sessions, it began apparent that they were dealing with a vast and diverse industry. It has been difficult to get a handle on it. Last month, Representative Tim Moore held a series of hearings across the Upper Peninsula on tourism. Commissioner Jousma-Miller testified at one of the hearings and in her comments, stated that they had identified between 2,000-4,000 agriculture tourism entities. When asked, she stated that currently it is impossible to get a more definitive number.

Included in the preliminary report are the meeting minutes, subcommittee meeting minutes, and three recommendations in order to help the Commission move forward.

Through MDA, a website was developed where agriculture tourism businesses can go and enter their operation information. However, there is no one to maintain the information and ask the right questions for the value-added information. There is a great deal of excitement in response to the website.

Additionally, the Agricultural Tourism Advisory Commission would like to see seed money for the Michigan Agri-Tourism Association, developed through MSU, so eventually they could have their own organization.

The three recommendations are:

“Strengthen and expand agricultural tourism efforts within the Michigan Department of Agriculture so that MDA serves as a liaison and resource office for agri-tourism businesses and organization”;

“Support and fund a baseline research study of Michigan’s agricultural tourism industry to determine the current size, scope and economic impact of the industry in our state;” and

“Support an industry-driven effort to expand, promote and represent the interests of farm marketing and agri-tourism businesses in Michigan.”

Until these recommendations are accomplished, it will be difficult to move forward.

Commissioner Jousma-Miller thanked the MDA staff for their hard work. Liana Bennett, Jeanne Lipe and Linda Jones have been instrumental in helping each of the subcommittees develop the recommendations.

There are some opportunities with signage and the Michigan Department of Transportation. Director Irwin will be meeting with the Michigan Townships Association and Michigan Municipal League to help develop a sample ordinance.

She stated that they are looking for community supported agriculture opportunities at the local level. It is a wonderful industry, it just needs to be made more viable.

Commissioner Coe suggested working with the Michigan Land Use Institute and the Kellogg Foundation for grant opportunities and that there are private sector resources that can be brought to the table.

Commissioner Jousma-Miller agreed and said that a full-time person needs to be identified to follow-up on those opportunities and identify where the partnerships need to be.

Commissioner Coe expressed his support of the recommendations.

MOTION: COMMISSIONER COE MOVED TO RECEIVE THE PRELIMINARY REPORT OF THE AGRICULTURAL TOURISM COMMISSION AS PRESENTED AND URGE THEM TO PURSUE THE RECOMMENDATIONS FORTHWITH. SECONDED BY COMMISSIONER NORTON. MOTION CARRIED UNANIMOUSLY.

PESTICIDE AND PLANT PEST MANAGEMENT DIVISION: Kenneth Rauscher, Division Director

Mr. Rauscher discussed the request to increase nursery inspection fees. He reviewed a memo previously sent to the Commission that included information relative to the types of inspections done each year. Per

statute, MDA evaluates the fee structure annually, based on data analysis over the last year.

Mr. Rauscher requested that the hourly inspection rate be increased from the current \$36.00 per hour to \$40.00 per hour. He also requested that the acreage rate be increased by \$4.00 for the 1st acre and \$2.00 for each additional acre (from the current \$36.00 to \$40.00 for the 1st acre and from \$18.00 to \$20.00 for each additional acre.) This proposal would help defray the cost of the program.

He stated that MDA recognizes that fee increases are a significant issue and have worked hard to make sure the operation is efficient.

In response to a question from Commissioner Coe, Mr. Rauscher stated that the industry was supportive.

PUBLIC COMMENT (cont'd)

Mr. Rauscher yielded the floor to Amy Frankmann, Michigan Nursery and Landscape Association (MNLA). Ms. Frankmann stated that the nursery and perennial growers MNLA represents realize approximately \$291 million in annual sales. They distribute their products into 35 states, Mexico and Canada. It is the second largest agriculture commodity in the State of Michigan and fifth largest in the nation. She stated that MNLA supports MDA. They appreciate the openness and thorough discussions regarding the fee increases and the structure as a whole. The inspection program and timely inspections are vital to their industry. They would not be able to ship into the 35 states, Mexico and Canada without the inspection service. They understand that budgets have been cut and the need for the increases to the inspection fees. While any increase has an impact on the growers, they would suffer far greater impact if they did not have the inspectors. She stated that MNLA is not in opposition to the proposed inspection fee increases.

Commissioner Coe thanked Ms. Frankmann for her comments.

(The floor was returned to Mr. Rauscher). There were no further questions.

MOTION: COMMISSIONER BYRUM MOVED TO INCREASE THE HOURLY INSPECTION RATE FROM THE CURRENT \$36.00 PER HOUR TO \$40.00 PER HOUR AND THAT THE ACREAGE RATE BE INCREASED BY \$4.00 FOR THE 1ST ACRE AND \$2.00 FOR EACH ADDITIONAL ACRE (FROM THE CURRENT \$36.00 TO \$40.00 FOR THE 1ST ACRE AND FROM \$18.00 TO \$20.00 FOR EACH ADDITIONAL ACRE.) SECONDED BY COMMISSIONER COE. MOTION CARRIED UNANIMOUSLY.

Mr. Rauscher briefly discussed the Pine Shoot Beetle Quarantine. The beetle was originally discovered in 1992 and has since spread across the state and into the Upper Peninsula. He referred to a copy of a letter sent to USDA to repeal the quarantine.

There was a federal quarantine in effect in the U.S. since 1992. When it was discovered in Michigan, MDA put an internal quarantine in place, which means MDA has the ability to manage the movement of pine and manage the quarantine within the state. Over time, the pest has been surveyed for and been identified in most of the state, except for eight counties in the Upper Peninsula.

The federal quarantine provided a uniform goal for shippers to deal with. MDA has continued to support the federal quarantine with a state quarantine. In the last few months, Wisconsin and Minnesota have identified Pine Shoot Beetle in parts of their state and to facilitate trade, have asked the federal government to quarantine the entire state. When that occurred, it created an unequal situation across the Upper Peninsula border between Michigan and Wisconsin when moving logs and wood material.

MDA has requested the cancellation of the Michigan quarantine. That will trigger the USDA to put a unilateral federal quarantine across the entire state of Michigan and subsequently bring us to equal status with the states of Wisconsin and Minnesota and allow for movement of pine materials across states lines. Mr. Rauscher does not anticipate any significant impact. MDA will continue to enforce the federal quarantine when certifying nursery stock and Christmas trees for interstate shipping. It will allow for the movement of pine materials across the Michigan-Wisconsin border.

In response to a question from Commissioner Coe, Mr. Rauscher stated that removal of the state quarantine does not relieve Michigan of any burden in that MDA will continue to enforce the federal quarantine under a cooperative agreement with USDA.

LEGISLATIVE REPORT: LIESL CLARK, LEGISLATIVE LIAISON

Ms. Clark commented that the Julian-Stille Value-Added rule hearing was held. There will be more information to follow at a future meeting.

She updated the Commission on movement of several bills, including the budget bill, renewable fuels package, the seed bill, and the Julian-Stille Value Added bills.

Ms. Clark stated that in order for MDA to create the diesel inspection program, it will cost \$800,000 ongoing for laboratory and inspector costs, as well as \$2.5 million in capital outlay to bring the laboratory up to speed.

In addition, she updated the Commission on the supplemental budget bill.

RESOLUTION COMMENDING KELLOGG 100TH ANNIVERSARY

MOTION: COMMISSION BYRUM MOVED TO APPROVE THE RESOLUTION COMMENDING KELLOGG COMPANY'S 100TH ANNIVERSARY. SECONDED BY COMMISSIONER COE.

PUBLIC COMMENT (cont'd)

Senator Mark Schauer from Battle Creek stated he is very proud to call the Kellogg Company a friend as the Commissioners have done with the resolution. He commented that the Kellogg Company makes an incredible impact, not just in the community in Michigan, but globally as a great industry, customer and friend of agriculture. It is very appropriate that the Commission of Agriculture recognize them for their 100 years of business in Michigan. The company recently held their annual shareholder meeting and is a very healthy company with incredible innovations. Kellogg acquired Keebler a couple of years ago and was one of the most successful corporate mergers in Michigan. He stated that with the Governor's help, a major division moved from the Chicago area to Michigan. He looks forward to working with the Commission and staff to find an opportunity to present the resolution to Kellogg in Battle Creek.

Kellogg started the cereal business and Battle Creek became the "cereal city". There was a time when there were dozens of cereal companies, now there are three. Besides Kellogg, Post Division of Kraft Foods have their largest cereal plant in the world in Battle Creek and Ralston continues to produce many store brands in Battle Creek.

Representative Mike Nofs from Battle Creek stated that he is also very proud of the Kellogg Company. He has great memories growing up and

touring the plant as a young boy and enjoying several bowls of cereal with free ice cream. He thanked the Commission of Agriculture for their hard work and looks forward to working together to make a presentation to the Kellogg Company. They are a good corporate and friendly company that does so much for Battle Creek and the surrounding area. The volunteerism and support they and their employees give to the United Way in Battle Creek is unbelievable. The Kellogg Foundation is also in Battle Creek and does much for many different organizations throughout the world. He stated that he and Senator Schauer could not be more proud to represent them in the State Capitol.

Liesl Clark commented (from the audience) that she had spoken to Celeste Clark from Kellogg Company and she asked that her thanks be extended to the Commission and Senator Schauer and Representative Nofs for moving forward with the Resolution. She stated that both have been great friends of Kellogg Company and appreciates their support.

MOTION CARRIED UNANIMOUSLY.

PUBLIC COMMENT (Cont'd)

Terry Holloway is a fruit and vegetable producer from southwest Michigan. He distributed written comments about migrant labor housing. He stated that many agriculture industries need a consistent labor force for seasonal operations. Hiring and retaining seasonal workers depends on housing, however, it is difficult to find housing on a seasonal basis. Apartments usually require a minimum six-month lease and many places are not willing to rent unless you can prove a prior address. Good housing attracts and retains labor, but must be provided by the employer.

He stated that most township zoning allows labor housing, but a special use permit is required. Owners must have the ability to build without local regulations. Most townships are losing their agricultural background and look unfavorably on agriculture. This leaves producers fighting an uphill battle. Most local residents are against labor housing.

Current situations with immigration reform in the U.S. will complicate labor issues even further. A guest worker program that would allow labor entry to the U.S. to do an agricultural job will require housing by the employer. Mr. Holloway stated that agricultural labor housing should become a part of the Right to Farm legislation. Currently the legislation states you have the right to employ, but not to house them on the farm. Many producers are renting to avoid local and state regulations.

He stated that he would like to propose that a Generally Accepted Agricultural Management Practice (GAAMP) be recommended for labor housing using the current regulations that are in effect today. He feels that would be a starting point.

He would also like MDA to look into developing a resource for producers to have when they talk with local zoning officials when building new labor camps. It would help with the ambiguity in zoning and jurisdiction.

In response to a question from Commissioner Byrum, Mr. Holloway stated that the issue is primarily zoning, not building construction regulations.

Commissioner Coe stated that he supports the request. He said there are similar zoning issues in his area.

In response to a question from Commissioner Byrum, Mr. Creagh stated there is an inter-agency Migrant Services Committee established in 1972 by Executive Order. There is no longer a Commission on Agricultural Labor, abolished by Executive Order in 1995.

Chair Darling suggested this might be an issue to look into at a future meeting, and issues surrounding the ability to have an adequate work force.

Commissioner Byrum stated advocates for migrant labor want quality housing and Michigan must have migrant labor in Michigan to be a viable industry.

MOTION: COMMISSIONER BYRUM ASKED FOR STAFF TO EXPLORE OPTIONS AND PREPARE RECOMMENDATIONS TO THE COMMISSION AT THE NEXT MEETING REGARDING ISSUES RAISED BY MR. HOLLOWAY AND DEVELOP A COURSE OF ACTION TO ADDRESS THOSE ISSUES. COMMISSIONER NORTON SUPPORTED. MOTION CARRIED UNANIMOUSLY.

Commissioner Darling also asked that staff include historical data for what Michigan's workforce needs are and projections.

Gregory Parker, Michigan Humanities Council, spoke to the Commission regarding a year long exhibition that begins in 2007 with a focus on food. The main attractions are two traveling exhibits. *Key Ingredients* is a Smithsonian-developed exhibit focusing on our national food culture. *Michigan Foodways* exhibit will tell our state's good story by exploring our

rich agriculture, diverse ethnic cuisines and unique culinary traditions. It is being developed through a partnership with the MSU Museum and the Michigan Council for the Arts and Cultural Affairs.

These exhibits will tour six rural communities across the state: Chelsea, Calumet, Cheboygan, Whitehall, Frankenmuth and Dundee. Mr. Parker is working with host communities and investigating other sponsorship opportunities with food-related corporations and commodity groups.

Director Irwin thanked Mr. Parker for coming and sharing information about these exhibits that will celebrate Michigan's food and agriculture.

Commissioner Jousma-Miller commented that it would be a great opportunity to put together a brochure in each of the exhibit areas about local availability.

Commissioner Coe suggested Mr. Parker contact the Clemons Library at the University of Michigan. They have a substantial project devoted to food. He also suggested contacting the Michigan Land Use Institute about their programs.

E.J. Brown, Executive Director, Michigan Association of Fairs & Exhibitions, shared their new Board of Director's list, the 2006 Membership Director and Michigan Fairs & Events Directory with the Commission. He briefly discussed the new board members and distribution points of their directory.

He commented that Michigan has only 24 racing fairs now (down from 27 last year). Northwestern Michigan Fair in Traverse City has decided not to continue racing. They are tearing out their racetrack and grandstand area and building a year around licensed campground facility.

The Marion Fair and Cass County Fair will also drop racing.

Tonia Ritter, Michigan Farm Bureau (MFB), commented that MFB continues to work on the budget process and to be concerned about the 2006-07 funding. They also continue to spend a good deal of time with the MAEAP legislation and the seed bill.

MFB is following the Julian-Stille Value-Added legislation. She stated that MFB is concerned about changing gears mid-stream and have relayed those concerns to the legislators sponsoring the package of bills.

Ms. Ritter commented about the 2nd Annual Agriculture Day at the Capitol on May 23, 2006. MFB is working with Representative Farhat and Hildenbrand to coordinate activities. There will be approximately 30 groups filling the first floor of the Capitol.

COMMISSION COMMENTS:

Commissioner Byrum reported that Michigan is at about 85% planted on sugar beets. Corn and soybeans are at about 20%. He is very concerned about frost damage in southwest Michigan. He stated that Liesl Clark and Dr. Sowers covered the other activities he is involved with. It has been a very busy late winter and spring.

Commissioner Coe stated that cherry farmers are very concerned about the Food & Drug Administration's threats to fine cherry farmers on health claims concerning cherries. Cherry farmers have been flooded with contacts from the Lansing based FDA administrator that the cherry industry was violating FDA rules when they made health claims for cherries.

There have been a series of meetings in the Traverse City about migrant labor with the Department of Homeland Security. A seminar was held under Michigan Works! with various agencies from the Department of Homeland Security. Mr. Coe is concerned with the attitude of the agency representatives who say they see no difference in an individual who enters the country illegally with intent to harm America and/or Americans and an undocumented worker who comes here to better himself economically and is an essential element to Michigan agriculture.

There is no difference in the language used to differentiate. It is their opinion that they are all considered guilty of committing a felony and should be expelled for 10-12 years or more. The only thing that stops the Department of Homeland Security from rounding up the 12 million undocumented workers is a lack of resources to do so.

Immigration is being documented at the federal level and Michigan needs to take a firm position as to a policy that will control our borders and provide documentation, and establish a path of citizenship. It is what this country is all about. There are strong forces within the government, Congress and other legislatures to remove this workforce.

In response to a question from Commissioner Darling, Mr. Creagh stated that a former MDA employee who is now an attorney, is working with the cherry industry on the labeling issue.

Commissioner Jousma-Miller stated that most of her activities that last two months have been listening sessions for the Agricultural Tourism Commission.

Director Irwin came to the Upper Peninsula and met with the UP State Fair Board. She stated that while he was there, there were a number of media contacts. They also visited the new biodiesel plant.

Commissioner Norton commented that he hosted a listening session for Congressman Schwartz and the farm bill. There was a good cross section of people who attended.

He also attended the Beef Expo. Beef sales are good and the bull sale was very good.

There were many people who planted early in his area. Ground moisture is dry.

Commissioner Darling commented that it has been quite wet in his area.

He thanked Commissioner Jousma-Miller for her assistance at the March meeting in Alpena and thanked Commissioner Byrum for the recommendation to hold the Commission meeting in the Capitol. He stated that it was a great opportunity to interact with the legislators.

He stated that he has judged FFA contests and attended the banquets. He appreciates the enthusiasm of the young people and their bright outlook on the future of the industry.

He distributed a copy of an article written by Commissioner Byrum that appeared in *Crop Life*.

He thanked Linda Jones for her help in setting up the tours in February in southwest Michigan.

He continues to hear complaints about energy costs from farmers.

He has had some contact with individuals about PA 116. PA 116 exempts a property owner from special assessments while the property is under contract. Upon the expiration of the contract, it is the choice of the community whether or not to apply the special assessment. In PA 116, it states that they are not subject to interest or penalties. Some communities are calling the fee something else and adding it to the amount owed.

He also commented that it was interesting to hear the comments of the trade ambassador from the European Union.

RESOLUTION ON GROWING MICHIGAN AGRICULTURE THROUGH ENVIRONMENTAL STEWARDSHIP

MOTION: COMMISSIONER BYRUM MOVED TO ADOPT THE RESOLUTION ON GROWING MICHIGAN AGRICULTURE THROUGH ENVIRONMENTAL STEWARDSHIP. SECONDED BY COMMISSIONER NORTON. MOTION CARRIED UNANIMOUSLY.

COMMISSION POLICY NO. 12: PUBLIC APPEARANCE GUIDELINES

Commissioner Byrum offered an amendment to change the wording in item number two to read, in part, "...Persons addressing the Commission will be requested to identify their: Name, address, and the organization (if any) which they are representing." Commissioner Darling asked for a sentence to be added that stated if an individual is requesting an appearance time, they submit their information or report in advance, if possible.

MOTION: COMMISSIONER COE MOVED TO APPROVE THE POLICY WITH THE NOTED CHANGES. SECONDED BY COMMISSIONER BYRUM. MOTION CARRIED UNANIMOUSLY.

RETIREMENT RESOLUTIONS FOR DEBORAH LAVERTY AND JOHN ZABIHAYLO

Commissioner Darling thanked Ms. Laverty for her years of service and especially her hard work on the budget over the years.

MOTION: COMMISSIONER BYRUM MOVED THAT THE RESOLUTION FOR DEBORAH LAVERTY BE ADOPTED WITH BEST WISHES AND A LONG AND HEALTHY RETIREMENT. SECONDED BY COMMISSIONER NORTON. MOTION CARRIED UNANIMOUSLY.

MOTION: COMMISSIONER BYRUM MOVED THAT THE RESOLUTION FOR JOHN ZABIHAYLO BE ADOPTED WITH GRATITUDE. SECONDED BY COMMISSIONER COE. MOTION CARRIED UNANIMOUSLY.

MOTION: COMMISSIONER BYRUM MOVED THAT THE MEETING BE ADJOURNED. SECONDED BY COMMISSIONER COE. MOTION CARRIED UNANIMOUSLY.

The meeting was adjourned at 2:40 p.m.

Attachments:

- A - Agriculture Commission Meeting Minutes February 9, 2006; Agriculture Commission Meeting Minutes March 9, 2006; and the Joint Natural Resources Commission/Agriculture Commission Meeting March 9, 2006*
- B - Directors Report – April 2006*
- C –Agriculture Economic Outlook:
The Farm Credit System Brochure
PowerPoint Presentation – GreenStone Farm Credit Services
Presentation by Art Loeffler, Star of the West Milling Company*
- D –Bioeconomy Strategic Opportunities:
PowerPoint Presentation – The Emerging Biobased Economy by Mark Stowers, MBI
International*
- E –BioMichigan Initiative: Michigan Come Grow With Us Brochure*
- F - Michigan Agriculture Tourism Commission Preliminary Report*
- G - Memo regarding Notification of Fee Increase from Liesl Clark dated April 5, 2006
Memo regarding MDA Nursery Program Fees from Ken Rauscher dated April 12, 2006
Letter to Weyman Fussel from Mitch Irwin dated April 18, 2006 regarding Repeal of
Michigan’s Pine Shoot Beetle Domestic Quarantine
Map of Pine Shoot Beetle Quarantine Area in Michigan
Map of Pine Shoot Beetle Quarantine Area Great Lakes Region*
- H -Public Comment:
Terry Holloway, written comments related to migrant labor housing issues
Gregory Parker, Michigan Humanities Council, written comments regarding Key Ingredients
and Michigan Foodways
Michigan Association of Fairs & Exhibitions Board of Directors List January 2006 – January
2007
Michigan Fairs & Events 2006 Directory
Michigan Association of Fairs & Exhibitions 2006 Member Directory*
- I - Legislative Status April 2006*
- J - Resolution on Growing Michigan Agriculture Through Environmental Stewardship*
- K -Commissioners’ Comments
Protecting Michigan’s Land, article appearing in Crop Life by Jim Byrum*
- L - Commission Policy 12: Public Appearance Guidelines*
- M – Retirement Resolutions
Deborah Laverty
John W. Zabihaylo*