

**MICHIGAN COMMISSION OF AGRICULTURE
Alpena Civic & Community Center
133 Johnson, Rooms D & E
Alpena, MI 49707**

**MEETING MINUTES
MARCH 9, 2006**

PRESENT:

Ann Jousma-Miller, Commission
Keith Creagh, Michigan Department of Agriculture

OTHERS PRESENT: (all or part of the meeting)

Jeff Axford, Michigan See Potato Association
John Herrick, Michigan Farm Bureau
Jeanne Lipe
Larry Karsten
Deb Merrill, MDA
Dr. Steve Halstead, MDA
Tonia Ritter, Michigan Farm Bureau
Steve Shine, MDA

CALL TO ORDER AND ROLL CALL

Commissioner Jousma-Miller called the meeting of the Commission of Agriculture to order at 10:23 a.m. on Thursday, March 9, 2006. Commissioners Darling, Norton, Byrum and Coe and Director Irwin were unable to reach Alpena due to fog in both Lansing and Alpena. There was not a quorum present. Ms. Jousma-Miller stated that the individuals scheduled for the meeting would continue with their presentations and the Public Comment period would also be held.

TRENDS IN MICHIGAN'S FOREST PRODUCTS INDUSTRY 2000-2005: George H. Berghorn, Director of Forest Policy, Michigan Forest Products Council

Mr. Berghorn discussed the status of Michigan's forest products industry over the past five years and how trends relate to programs and potential areas for partnership between the industry and the Michigan Department of Agriculture (MDA).

He shared a PowerPoint presentation containing a brief economic snapshot of the industry, information on the timber supply in Michigan, industry competitiveness and implications and recommendations.

He stated that the industry is concentrated in the Upper Peninsula (UP) and the northern Lower Peninsula, but there is a strong presence in the southern Lower

Peninsula. This is an important component to local economies throughout the state.

In 2003, the forest products industry contributed \$4.5 billion to the gross state product. The value of shipments was \$12.8 billion, however only \$281 million was reinvested into facilities in the state, much of that being regulatory driven.

The national average ratio of value of shipments to capital expenditures is 3 percent. Michigan is at 2.2 percent. When compared to other states with timber products industries, the ratios are considerably higher than Michigan. Michigan is losing many jobs and companies to those states where more reinvestment is occurring.

Despite challenges, Michigan's forest products industry returns \$11 billion to the state's economy every year and supports approximately 155,000 jobs. This does not take into account additions from recreation and tourism that adds another 50,000 jobs and \$2-3 billion within the state.

The forest products sector is fourth in the state in the number of employees in manufacturing, for gross state product and value of shipments, behind transportation equipment, metals and machinery. In 2004, one out of every ten jobs was accounted for by the Forest Products Industry primarily in rural communities.

He reviewed jobs trends over the last few years in job losses, wage reductions and loss of facilities in Michigan.

There are close to 340,000 private land owners of forested land in Michigan that own almost 10 million acres of the 19.3 million total forested acres in the state. This represents the largest ownership group with over 50% of the forested land. He reviewed annual growth and harvest across the ownership groups and timber prices and trends.

There is an apparent abundant supply, with moderately increasing demand, yet there are skyrocketing timber prices. The best explanation for this is that the physical supply is not available as harvests are not occurring for a variety of reasons.

The Lakes states have the highest "stumpage value" in the country. The wood coming out of Michigan, Minnesota and Wisconsin is the most expensive wood available to industry in the United States. Maine grows primarily for the pulp industry. Pennsylvania's growth and harvest resembles Michigan's, however they are succeeding in their industry because they are branding and marketing their hardwoods through their Department of Agriculture as a labeled product

(Pennsylvania Hardwood Stands for Quality). The southern states also practice growth harvesting which is successful because they have a longer growing season.

There is a significant market opportunity for lake state timber to be used in the rebuilding in the Gulf States region after the hurricane season from last year. However, that is not being marketed.

Michigan has tremendous timber supply potential that is not being realized, the greatest potential is on private lands. There are record high prices in the lakes states. The timber supply potential gives Michigan an opportunity to be competitive because of the potential fiber supply and the fifth largest timberland in the United States. There is tremendous access to markets in Michigan. Most large processing companies are certified through one or more third-party systems. This opens up markets that demand that certified product.

He stated that Michigan is a world-renowned center of excellence for quality furniture craftsmanship and should be advertising the quality of the product. Michigan maple is highly sought after around the world and other Michigan hardwood species are well known for high quality. The Forest Finance Authority (FFA) is currently looking at expanding the Timber Stand Improvement treatments to benefit hardwood species to create higher value and higher quality hardwood stands in the state.

The forest products industry decline is consistent with the loss of manufacturing statewide. A strong forest products industry is vital to rural economies and the economic strength of Michigan. The forest products industry is the only major manufacturing sector in Michigan that provides value-added at each step in the supply chain and uses local materials. Current forestry legislation represents a significant opportunity to make more timber available and limit land fragmentation through private landowner incentives.

Mr. Berghorn stated that Michigan should focus special attention on the forest products industry and promote this industry within the Department of Agriculture and other state agencies (MDNR, MEDC, etc.) In addition, Michigan should publicize and promote existing incentives, programs and services available to private landowners as well as existing and potential forest products businesses. Michigan needs to continue efforts to ensure a long-term stable supply of fiber that will meet the needs of Michigan's forest products companies. He also asked that the state support the FFA's "Working Forests for the 21st Century" vision statement as a framework to improve forest management activities throughout Michigan.

Commissioner Jousma-Miller thanked Mr. Berghorn for the presentation and commented on availability and harvest, re-growth, natural regeneration and the selection process. She reiterated that Mr. Berghorn was asking for support for people to understand that this is a way to keep Michigan “green”, by growing value-added species that would create income for the private landowner, and also fill a niche market and create an economic gain for Michigan.

Mr. Berghorn stated that legislation is needed that would benefit individual landowners and the people in the State of Michigan by putting certainty on who will own the land in 50 years and what it will be used for. He briefly discussed proposed legislation that would affect the forest products industry.

Tonia Ritter from Michigan Farm Bureau stated they have been supportive of the current package of bills.

Keith Creagh asked for the industry to be more definitive in their request of support. He commented briefly about regeneration and sustainability. He asked what the industry’s role is in long-term sustainability. A comprehensive approach is needed and MDA would be interested in working with the industry to gain support over the long term.

Mr. Berghorn stated that the industry is starting to become more involved with the FFA who earmarked money for “forest health” and looking at long-term sustainability in Michigan. There will likely be a formal support arrangement between the industry and the FFA. He stated that he would like to re-approach the Commission and Director once they have more direction.

Mr. Creagh asked if any research had been done on either a Michigan branding program or Lake States branding program. Mr. Berghorn stated that no studies have been done. He stated that there has been interest from Wisconsin to work together on a lake states program in the future. It would probably be easiest for the time being to work into the existing Michigan program. He will be talking more with their board of directors later in the month.

FORESTRY ASSISTANCE PROGRAM: Steve Shine, Program Manager, Conservation Programs, Environmental Stewardship Division; Michigan Association of Conservation Districts, Tim Middleton, Rick Lucas and Mike Merriweather

Mr. Shine thanked Ms. Jousma-Miller for the opportunity to present information on the Forestry Assistance Program. He briefly discussed conservation programs administered through the Environmental Stewardship Division.

He stated that Michigan Conservation Districts are the foundation and delivery point for all conservation programs within the Department of Agriculture.

Michigan has 79 conservation districts, administered by 395 locally elected individuals who serve on boards.

In 1977, the USDA Soil Conservation Service conducted a survey of landowners in Michigan to assess resource needs. Forestry was not included on the survey, but it was written in by a majority of persons responding to the survey. As a result, a forestry program was started within MDA. Currently, there are 20 foresters covering 46 counties. The program is funded through an inter-departmental grant from the Michigan Department of Natural Resources (MDNR).

Mr. Shine introduced Mike Merriweather (Antrim and Kalkaska counties) and Rick Lucas (Mecosta, Osceola, and Lake counties) to discuss projects completed in their conservation districts.

Mr. Lucas stated that both he and Mr. Merriweather have been in their respective areas for more than 18 years. Over the years, the local Conservations Districts have gone from providing seedlings in the spring for planting to more of a leadership role in recognizing local resource needs. Conservation Districts now identify resource needs and set priorities and develop and implement action plans. They are now recognized as a “gateway”, a starting place for assistance.

Since 1977, there has been an identified need for forestry assistance on private lands. A number of studies of private lands have been conducted over the years. Only 5-20% of private landowners seek professional assistance from either the private or public sector prior to engaging in activities such as a timber harvest. Many landowners do not fully understanding available options before engaging in activities.

Mr. Lucas stated that the best setting for teaching natural resource management is being on the property with the landowner. He feels this is the cornerstone of the Forestry Assistance Program. When the on-site visits are made, everything is taken into account that may be impacted by decisions or recommendations made to the landowner including the soil, water, air, plants and animals. In 2005, 2,450 landowners were visited on-site, encompassing 95,844 acres (state-wide).

One of the products promoted through site visits is a Forestry Management Plan. Only five percent of private landowners have a purposeful management plan for their property. There are currently 394 plans written that cover 20,001 acres. The plans must meet recognized industry standard requirements.

There are several federal/state cost-share programs available to private landowners, all having components related to forest management. They include the Forest Land Enhancement Program, Conservation Reserve Program, Wildlife

Habitat Incentive program and Wetlands Reserve Program. Research has shown that people are more likely to participate in these programs in areas where a public service forester is in place.

They conduct tours, classroom activities, demonstrations and field days as tools for forestry outreach. When these outreach activities are conducted, they draw on resources from USDA, MDNR and MSU Extension.

Mr. Lucas stated that in the past year, public foresters alone have completed 635 referrals on 10,724 acres and private sector service providers have worked with 882 landowners with 29,895 acres.

Most forest management is initiated in response to wildlife habitat enhancement. Most private landowners do not own their land for forest products and forest management; it is usually linked to recreation and wildlife habitat. Once they know you can actively manage your forest to enhance for wildlife, it takes on a different meaning and they initiate forest management plans to meet that objective.

Commissioner Jousma-Miller commented that this is a good example of partnerships and trust.

Outcomes for the past year include 22,394 acres referred for harvest, timber value of \$6.05 million and 2,913 tons of carbon sequestered.

Mr. Lucas stated that most people are grossly misinformed as to what is happening with the forests. It is done primarily by observation with no insight as to actual management planning. The landowner needs to learn to think as if they have a technical background in natural resource management and to make wise decisions for the resources. They need to recognize the responsibility of being a good steward of the resources. Once the landowners are informed, it opens up endless opportunities for win-win situations.

Mr. Merriweather spoke about programs in Antrim and Kalkaska Counties. He referred to himself as the "how to" person who answers questions about how to plant and harvest trees, how to prune trees, or how to maximize dollars from the harvest. It reaches beyond forestry to wildlife habitat (how to improve the habitat or attract wildlife or how to get rid of wildlife.) There is also estate planning that is involved for maintaining a family farm or to help send a child to college, conservation easements and nature conservancies.

Landownership has changed over the years. Individuals buying land now are not buying it for the forest value. Many now have more of a preservationist perspective.

Mr. Creagh thanked Messrs. Shine, Lucas and Merriweather for the presentation. He stated that this has been a beneficial partnership that should continue to be refined over time. As people are less connected to the farm, they are relying more on atypical farm experiences to learn about agriculture. These contacts with District personnel benefit the entire agriculture industry. Messrs. Lucas and Merriweather are great examples of this. As they are asked about forestry, they are able to teach about harvest, sustainability and other aspects that will be important for both wildlife and resource management. There may be opportunities to integrate that into future agriculture messages, natural resources and environmental issues that can benefit all over time.

He stated that Director Irwin is very supportive of agriculture and forestry working together. MDA will continue to work with all the partners on specific ideas and the integration of these two industries.

Commissioner Jousma-Miller stated that through the new landowners with a preservation concept, educating and helping them to understand that managing their timber correctly will help to keep Michigan "green".

Mr. Shine commented that he is an agriculture engineer and is pleased to have the responsibility of managing the program. He stated that he has learned a lot from Lucas and Merriweather. One of the things he has learned about carbon sequestration is that when you harvest an acre of woodland, the carbon is consumed when the re-growth comes. He suggested that a good tour stop might be a site that has just been harvested and a site harvested two or three years previously to get a sense of the re-growth.

Mr. Merriweather encouraged the industry to continue working to improve their image.

PUBLIC COMMENT

John Herrick addressed the Commission regarding the Michigan Agricultural Environmental Assessment Program (MAEAP). He owns a 140 dairy cowherd and 600 acres in Montmorency County. His farm became MAEAP verified in November 2005 in all three programs (Cropping, Livestock and Farmstead.) It took approximately 1-1/2 years.

He stated that MAEAP has been very beneficial to his farming operation. The Farmstead program caused him to think about well and groundwater and the use of pesticides on the farm. The Livestock program focuses on a Comprehensive Nutrient Management Plan that keeps track of manure storage facilities and practices for dispersing manure as well as dealing with animal

runoffs. The Cropping portion showed the key points about safety and concerns of keeping pesticides and manure away from groundwater and proper applications on farm fields. This helps to make the farming operation more efficient and profitable.

The program helped to realize changes needed to make the farm more environmentally sound and efficient. Recordkeeping is very important and the MAEAP has benefited the farm in fine-tuning some recording techniques to make the farm more successful. He is pleased to have participated in the program.

Mr. Creagh congratulated Mr. Herrick on his farm becoming MAEAP verified and thanked him for his comments. He stated it would be through experiences like his that we will be able to articulate what it means to be MAEAP verified.

Mr. Herrick and Creagh agreed that more outreach needs to occur with non-livestock farms.

Larry Karsten thanked the Commission for coming to Alpena and providing an opportunity for comment. He is a recently retired dairy farmer, still raising some livestock. He spoke in support of MAEAP and of a series of bills currently in the legislature (HB 5711 through 5716.) He feels that the passage of these bills will help Michigan's agriculture economy move forward in a positive way. These bills have been formulated by many farmers and through organizations throughout the state by way of grass roots policy development and implementation.

He stated that farmers are good stewards of the land and good learners by example and want to become better protectors of the environment. When a farmer does a good deed to improve farm management and protect the environment, his neighbor will see the benefit and soon follow.

Having support from agencies in the federal, state, academic, agriculture and conservation side will do much to encourage, promote, and help farmers to implement MAEAP standards. It is an excellent way of getting the majority of farms to sign on to the program.

As Michigan second largest industry, regulatory certainty is needed for planned growth that will bring jobs to Michigan. He stated that he feels this legislative package provides meaning to participation in MAEAP. The legislation also seeks a farmer friendly list of environmental laws that apply to farming with a common sense approach for compliance. The program is all-inclusive for all types of farming and farms. Farmers in Michigan deserve to understand what rules apply to manage risk and protect the environment.

He urged members of the Commission and audience members to support individually and collectively the bill package to move Michigan agriculture forward in the 21st century as a viable, forward looking industry.

RECESS

The meeting was recessed at 11:47 a.m.

RECONVENE

The meeting was reconvened 1:15 p.m.

PUBLIC COMMENT (continued)

Jeff Axford, Executive Director, Michigan Seed Potato Association, expressed concern over the current funding issues with the Fruit and Vegetable Inspection Program. The Michigan Seed Potato Association is a non-profit corporation designated as the seed potato certification agent in Michigan. He distributed a copy of a letter from Ben Kudwa, Potato Growers of Michigan, Inc., urging support of the \$450,000 of general funds needed to continue reasonably priced services to the fruit and vegetable industries.

Mr. Axford commented about a new Memorandum of Understanding (MOU) that would create uniform standards for seed potato certification for all states with certification programs. The lack of uniformity between state programs has been a major stumbling block in efforts to create new markets for seed potato exports. One of the key components of the MOU is the requirement of shipping point inspections on seed moving between states and other counties. Michigan has its own regulation for shipping point inspection as a condition of certification. Because of the geographic location of seed production in Michigan, pockets of growers around the state, including the Upper Peninsula, there is a need for qualified inspectors in those areas for 8-10 weeks at a time. The Fruit & Vegetable Inspection Service has always done a great job meeting those needs and they have been appreciated.

The concern is that without the availability of reasonably priced inspection, or possibly the availability of inspectors, the industry will lose access to current markets in other states and Canada and also any future markets developed for export.

He urged support of the \$450,000 general fund contribution that is needed to maintain the inspection service. He stated it has always been a viable and valuable program.

Commissioner Jousma-Miller thanked Mr. Axford for his comments.

Mr. Creagh suggested that individuals also share their concerns with the appropriation chairs with both the House and Senate. He stated that MDA appreciates the support of the industry on the value of inspections.

Tonia Ritter, Michigan Farm Bureau (MFB), commented about the package of bills currently in the legislature that would strengthen MAEAP, provide greater incentive for farmers to participate in that program and help farmers to better understand what regulations impact their operations.

MFB has also been very involved with the forestry bills that are being worked on in both the House and Senate. Additionally, MFB continues to be involved with a bill package dealing with biomass fuels, both ethanol and biodiesel.

Ms. Ritter stated that MFB would continue to support MDA through the supplemental appropriation process.

Keith Creagh thanked the agriculture community for their consensus position and opinion on the water bills that were recently signed. He stated that the industry came together with a comprehensive water position that allowed the set of bills to move forward that resulted in good public policy.

ADJOURN

Commissioner Jousma-Miller adjourned the meeting 1:30 p.m.

Commissioner Jousma-Miller and Keith Creagh joined the Natural Resources Commission for the joint meeting at 2:30 p.m.

Attachments:

A – Agenda

B – Director's Report – March 2006

Agriculture Innovation Program memo

C – Status and Director of Michigan Forest Products Industry: 2000-2004

D – Forestry Assistance Program Presentation

Forestry Assistance Program FY 2005 Final Report

E – Agriculture Tourism Commission Update

F – Legislative Status – March 2006

**JOINT MEETING OF THE
NATURAL RESOURCES COMMISSION
AND THE
MICHIGAN COMMISSION OF AGRICULTURE**

**Holiday Inn-Alpena
1000 Us 23 North
Alpena**

March 9, 2006

PRESENT FOR THE COMMISSIONS

Natural Resources Commission

Keith Charters, Chair
Mary Brown
Bob Garner, Vice Chair
Frank Wheatlake

Commission of Agriculture

Ann Jousma-Miller, Secretary
Keith Creagh, Deputy Director, MDA

PRESENT FOR DNR STAFF

Becky Humphries, Director
Dennis Fedewa, Chief Deputy
Mindy Koch, Resource Management Deputy
Other DNR Staff

PRESENT FOR MDA STAFF

Dr. Steve Halstead, State Veterinarian
Dr. Mike VanderKlok
Other MDA Staff

Chairman Charters called the Joint Meeting of the Natural Resources Commission (NRC) and Commission of Agriculture to order at 2:53 p.m. **Ann Jousma-Miller** was present representing the Commission of Agriculture as well as **Keith Creagh** representing the Department of Agriculture (MDA). All other Commissioners of Agriculture and NRC Commissioners Hall and Earley were grounded in Lansing due to bad weather and fog.

Chairman Charters recognized former **State Representative Bev Bodum** who was present representing **Senator Stamas**.

2005 Bovine Tuberculosis (TB) Surveillance

Dr. Steve Schmitt, DNR Veterinarian, was pleased to report that, since 1975, the number of deer tested in Michigan for bovine TB has increased and the number of test positive deer has decreased. All but three of the test positive deer in 2005 were inside Deer Management Unit 452, in northeast Lower Peninsula. The three outlying deer were just outside the DMU 452 boundary. The whitetail deer and yearling prevalence trend is decreasing.

Over 1500 elk have been tested over the past 10 years. Four have tested positive for TB. However, there have been no test positive elk over the past three years.

Bovine TB eradication strategies have been implemented: keep deer from concentrating by eliminating supplemental feeding and baiting; and reducing deer numbers through hunting to a level supported by the natural vegetation.

Dr. Schmitt noted that intervention strategies have been successful in bringing down average prevalence, removing TB positive deer in DMU 452 (core area) without killing non-infected deer is the goal. The DNR is working with Ames, Iowa researchers to develop a TB vaccine. He reviewed experimental vaccinations and the results of the experiments. Oral vaccinations with limited data were encouraging. The vaccinated deer had fewer lesions than unvaccinated. Much more research must be done.

Progress is being made to eradicate TB. However, if eradication strategies are loosened, the battle could still be lost. **Dr. Schmitt** said that the deer populations in the DMU 452 area could hold constant to current levels and still continue to decline prevalence. It could take up to 10 more years to develop a vaccine.

Chairman Charters asked if there are still TB hot areas. **Dr. Schmitt** replied yes. **Law Enforcement Division Chief Alan Marble** said compliance to the baiting and feeding regulations in DMU 452 is still a challenge.

Bovine TB Eradication Update

Dr. Vanderklok, MDA, Bovine TB Eradication Coordinator, reported that since January, 2000, 1.2 million cattle have been tested in Michigan. No TB positive herds have been detected outside the modified accredited area (northeast Lower Peninsula). Privately owned cervid facilities have also been tested with no positive tests outside the modified accredited area.

On September 30, 2005, the Upper Peninsula (UP) of Michigan was deemed TB-free. Michigan is now the only state to have three separate statuses relative to disease zones. With the UP being TB-free, more marketing opportunities are available with other states.

Dr. Vanderklok said once a herd is identified as TB positive, the infection source is identified; recommendations are made for response; the herd is removed and depopulated; and repopulation is considered along with determining what needs to be done to prevent reinfection.

There are approximately 1 million cattle in Michigan. **Dr. Vanderklok** indicated that there have not been any signs of reinfection in the repopulated herds.

Chronic Wasting Disease (CWD)

Dr. Schmitt said that approximately 1,700 deer have been tested for CWD. All were negative. He said testing needs to continue and the targeted surveillance will be on skinny and odd acting deer, as well as road kill deer. Public education will continue also. He noted that older males are more likely to have CWD than females of the same age or than younger males.

The Joint meeting of the NRC and Commission of Agriculture was adjourned at 4:00 p.m.