

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

**MEETING MINUTES
DECEMBER 14, 2009**

PRESENT:

Todd Regis, Vice Chairperson, Commission of Agriculture
Don Coe, Secretary, Commission of Agriculture
Velmar Green, Commission of Agriculture
Don Koivisto, Director, Michigan Department of Agriculture

CALL TO ORDER AND ROLL CALL

Commissioner Regis called the meeting of the Commission of Agriculture to order at 9:00 a.m. on December 14, 2009. Commissioner Coe called the roll with Commissioners Coe, Green, Regis, and Director Koivisto present.

APPROVAL OF AGENDA

MOTION: COMMISSIONER COE MOVED TO APPROVE THE MEETING AGENDA FOR DECEMBER 14, 2009. SECONDED BY COMMISSIONER GREEN. MOTION CARRIED.

APPROVAL OF NOVEMBER 2, 2009, MEETING MINUTES

Commissioner Coe noted a correction on page 11, second sentence in that the reference to the number of farms in Michigan should read 56,000.

MOTION: COMMISSIONER GREEN MOVED TO APPROVE THE NOVEMBER 2, 2009, MEETING MINUTES AS AMENDED. SECONDED BY COMMISSIONER REGIS. MOTION CARRIED.

PROPOSED 2010 MEETING SCHEDULE

The Proposed 2010 Meeting Schedule was reviewed. Commissioner Regis noted the Commission has held meetings local to the Lansing area whenever possible. For the March 17 meeting, which is Ag Day at the Capitol, a request has been submitted to Senator VanWoerkom's office to sponsor the Commission for the day to allow availability of a meeting room in the Capitol.

MOTION: COMMISSIONER COE MOVED TO APPROVE THE PROPOSED 2010 MEETING SCHEDULE. SECONDED BY COMMISSIONER GREEN. MOTION CARRIED.

The next scheduled meeting will be held on January 12, 2010, at the Geagley Lab, East Lansing.

COMMISSIONERS' TRAVEL

Commissioner Coe traveled to Grand Rapids December 3 for the Michigan Farm Bureau Annual Meeting, Grand Rapids on December 8 for the Fruit, Vegetable, and Farm Market EXPO, and today for this meeting, as well as a Grape and Wine Industry meeting this afternoon. There was no other travel submitted for approval.

MOTION: COMMISSIONER GREEN MOVED TO APPROVE THE COMMISSIONERS' TRAVEL. SECONDED BY COMMISSIONER REGIS. MOTION CARRIED.

COMMISSIONER COMMENTS:

Commissioner Coe reported a continued concern from the farming community relative to obtaining financing. It is proving extremely difficult for the small agriculture businesses; restrictions need to be loosened. He recommended for the January meeting the Commission consider a statement to our federal delegation relative to the financial concerns of the farming community. He suggested checking with the commodity groups to ascertain if they are hearing similar comments from members.

In response to inquiry from Commissioner Regis, Director Koivisto advised he would be available to express these concerns during the February National Association of State Departments of Agriculture meeting in Washington, D.C. He also offered that Dave Armstrong from Greenstone Farm Credit Services could be invited to make a presentation to the Commission during their January meeting. Commissioner Regis confirmed the financial situation for the farming community would be discussed during the January meeting.

Commissioner Green reported, since the weather is cooperating somewhat, crops are now being harvested. He expressed concern that the Legislature does not realize the importance of agriculture to Michigan, emphasizing that agriculture has taken a back seat. It is an industry that will continue to make considerable contributions to the economy, yet it does not receive the recognition, or the funds to accomplish what is needed.

Commissioner Regis noted that on behalf of the Commission, the Michigan Farm Bureau was very instrumental in the process of developing Executive Order

2009-54, which retains the basic powers of the Commission. He thanked Tonia Ritter and asked her to please convey the Commission's appreciation to Michigan Farm Bureau President Wayne Wood.

This year is unique in that we have two family-owned Michigan-based retailers celebrating 75 years of business. In the Jackson area, the Kennedy family started Polly's Country Market in 1934 and three generations are currently actively involved with managing the business. Meijer is also celebrating its 75th year and the son of the founder just celebrated his 90th birthday last week. Both companies have accomplished amazing things to help move Michigan products to the consumer.

Over the last month and a half, he has been extensively engaged in discussions regarding agriculture and attended far more meetings than he had over the entire time prior to that – all in an attempt to improve the political situation and educate politicians and others agriculturally-wise. He expressed his appreciation to all of those who provided him with necessary background information in preparation for those meetings.

He attended some wonderful events recently, including the Michigan State University (MSU) Product Center Annual Conference, the MSU Agriculture Tailgate, and a reception honoring Alexandria Henry. Ms. Henry is the first female and the sixth person from Michigan to have been elected to a national office and will be an outstanding asset to Michigan's agriculture community.

In 2010, a key goal of the Commission will be to take advantage of opportunities to expand agriculture. To help meet that goal, the Commission will be reaching out to commodity groups and partners in agriculture to identify opportunities for the Commission to participate in events, forums, etc.

Later today, Director Koivisto and he will be meeting with the Governor to discuss the agriculture industry, the Commission's role, and the Commission's plans for 2010. One of those commitments involves strongly encouraging the Governor to not only fill the two vacancies on the Commission of Agriculture, but to also fill the numerous vacancies or expired terms on the various agriculture commodity boards and commissions to ensure agriculture's best interests are represented.

DIRECTOR'S REPORT

Director Koivisto noted that sometimes adversary brings positive outcomes and in the case of the recent Executive Orders, it clearly illustrated the importance of the Commission's role and the priority that the agriculture community feels the Commission should possess. That now has been reaffirmed through the Governor's Executive Order 2009-54. This was a very significant event for agriculture in Michigan.

Agriculture has faced three considerable challenges recently and on two of them, agriculture has fared very well. One was relative to the reorganization, the second was the Executive Order affecting the Commission, and the third was the budget. The department continues to struggle with budget issues and needs to obtain sufficient revenue to succeed during this very tough budgetary year, rather than being cut even further.

He recently attended the Michigan Farm Bureau Annual meeting in Grand Rapids on December 3, during which he spoke with several delegates. On December 8, he attended the Fruit, Vegetable, and Farm Market EXPO, which was very well attended and provided a good opportunity to network with producers. The Grape and Wine Annual meeting will be held at the Amway in February.

He participated recently in an event to promote the Christmas tree industry. The event received excellent media coverage and offered an opportunity to urge the public to purchase a live Christmas tree.

On November 30, he and department staff visited Better Made Snack Foods in Detroit, which employs 160 individuals. The Michigan Department of Agriculture (MDA) will continue to promote Better Made as one of Michigan's fine products. When the department participates in these types of tours (he has participated in over 50 agriculture tours), enough time is spent with the principals of that agriculture business to establish a comfortable working relationship. This provides the opportunity to help grow their business in the future and this positive impact just naturally spreads to other Michigan businesses.

Relative to the Office of the Racing Commissioner (ORC), five staff members, Gary Post, Cheryl Janssen, Mike Cady, Jim VanArkel, and Doreen Fedewa, will be transferring to the Michigan Gaming Control Board office. MDA has coordinated administrative items for ORC, such as personnel items and budget development; however, ORC operations have remained separate. Therefore, this move represents nothing new from an operational standpoint, other than it will be transferring to Gaming. Gaming will now be coordinating all areas for ORC, including the administrative items that had previously been handled by MDA. This could occur as early as the December 17, 2009. Nothing changed relative to ORC in the new Executive Order.

On February 4-8, 2010, he will be attending the National Association of State Departments of Agriculture meeting in Washington, D.C. In light of the current budget, it was determined that Gordon Wenk would not attend; however, since at least two participants are needed to adequately cover the overlapping sessions, Mike DiBernardo will also attend.

The MDA Annual Employee Awards Ceremony was held on November 9, with Commissioner Regis joining the event. The ceremony offered an excellent opportunity to recognize the department's employees – those who make MDA successful. The department strives to take advantage of every opportunity to recognize its outstanding employees. Commissioner Regis recognized that the many years of service provided by MDA's employees demonstrates the exceptional dedication of the department's staff.

In addition to focusing agriculture's message on food safety, the department has been emphasizing agriculture economic development aspects, including the 1,000,000 jobs that are associated with the food business in Michigan. When people become aware of this fact, it assists with every program the department coordinates.

In response to inquiry from Commissioner Green, Director Koivisto noted that Michigan's livestock traceability capabilities are definitely a marketing asset for its producers. There is a need for more slaughter house capacity in Michigan and the department has been pursuing opportunities to assist in that development.

He noted that, while other agriculture states have several export staff, the department's Agriculture Development Office has the only export specialist (Jamie Zmitko-Somers) in the state and the majority of her travel expense for the approximate 17 export shows attended each year is covered by the Midwest Export Association. She often accompanies the Director on agriculture tours, adding a discussion of export options with those food producers. Commissioner Coe endorsed what Ms. Zmitko-Somers has been able to accomplish, having worked with her and participated in several export and trade mission shows. What she has been able to accomplish by herself with limited resources provides a critical window for Michigan exports.

Commissioner Coe noted the food safety issue is critical for small agriculture producers. The burden that will be placed on our farm community by additional food safety regulations will continue to be a huge challenge for MDA. Even with the work already accomplished by the department, it is clear we do not have the resources to meet future inspection requirements. The \$92 per hour inspection cost for small farmers is clearly unsustainable. We need to find some means by which to comply with the impending regulations; either small farms need to be exempted, or a system developed that is both doable and affordable. Director Koivisto advised he will communicate this issue to the federal government when he is in Washington, D.C., in February.

Relative to food safety on a national level, Commissioner Regis noted MDA's Jerry Wojtala has taken a leave of absence to serve as Acting Executive Director

of the International Food Protection Training Institute in Battle Creek. Mr. Wojtala will assist in the development of the national inspector training program.

PUBLIC COMMENT (AGENDA ITEMS ONLY)

Commissioner Regis reminded speakers wishing to address the Commission they are allowed three minutes for their presentation and any documents distributed are considered public and subject to the Freedom of Information Act.

Bill Anderson, Michigan Township Association, thanked all those involved in the development of the Farm Markets Generally Accepted Agriculture Management Practices (GAAMP). The Michigan Township Association (MTA) has some concerns relative to that GAAMP. One is regarding the definition of “affiliated,” and in particular, the issue of locating farm markets on someone else’s property that may not necessarily be leased for farm activities, but only for the farm market. They feel this goes beyond the scope of the Right to Farm Act and is as much a detriment to the farmer as it is a positive.

In the parking and lighting areas, the GAAMP refers to the fact that one “should” have these provided. Since this is attempting to establish a base line, the MTA feels this should be restated to “shall” in order to receive protection under the Right to Farm Act.

Another area of concern is trying to define 50 percent of floor space, which is an issue of how much produce the business sells. If the floor space designation is not appropriate, then receipts are considered. MTA feels using receipts is the more important determination.

He noted this GAAMP often refers to processing activities, which obviously are subject to different laws. This fact should be emphasized.

As a farm market and small farm operator, Commissioner Coe advised the ability for a farm market to have good retail marketability by having the option of moving to a traffic corridor is critical to its success. He feels MTA’s concerns are adequately covered in the suggested GAAMP. On the issue of “should” or “shall” as it relates to parking and lighting, he feels the townships are well protected with the “should” verbiage. Relative to 50 percent of floor space versus receipts, the farm market activity should be a significant part of the particular retail operation and that intention is recognized adequately in the draft GAAMP. This GAAMP is the best that can be provided at this point in time, and if any problems arise, they can be addressed during the annual GAAMPs review process.

Bob Tritten, Michigan State University (MSU), reported he has worked directly with agriculture producers for over 30 years and one issue constantly present is

exactly what the Farm Market GAAMP addresses. He supports the work of the committee and encouraged the Commission to adopt the GAAMP as written.

In response to inquiry from Commissioner Coe, Mr. Tritten confirmed the issue of the absence of township ordinances has been a concern voiced by the various trade associations interested in farm market and retail activities and has affected their ability to establish and operate their businesses. This GAAMP attempts to assist the townships in framing ordinances that would allow those retail activities.

Tonia Ritter, Michigan Farm Bureau (MFB), advised MFB appreciates the opportunity they have had to provide comment during the GAAMPs process and through Right to Farm in dealing with issues on farms. Regarding the Manure Management GAAMP, she expressed a broader concern relative to the set back that is provided for stockpiling manure. MFB feels this may begin moving toward the use of non-scientific methods for establishing GAAMPs, which could have the potential of limiting farmers' ability to apply manure nutrients to their own farm ground. Their concern is establishing a precedence which could cause problems for farmers in the future.

Discussion regarding the set back provision ensued. Commissioner Regis noted questions will be addressed during the formal review of the GAAMPs later in the meeting.

Mitch Irwin, Michigan Agri-Business Association (MABA), reported MABA recognizes the challenges and crises that face the Commission and the department. MABA appreciates the opportunity to provide input as the department determines how best to resolve the issues surrounding the lack of resources required to provide services to the agriculture industry and pledges its efforts to working with the department to find creative solutions. The agriculture community enjoys a strong affiliation, and as the department experiences continued budget reductions in general fund assistance, MABA wants to be in a position to help seek an equitable remedy. Because of severe resource limitations, the department and the Commission may need to revolutionize the way it does business, use new technology, develop creative partnerships with the industry, or eliminate programs all together. MABA recognizes the situation is very grave and wants to be a part of the solution.

In response to inquiry from Commissioner Coe, Mr. Irwin advised MABA would be attending and commenting during future Commission meetings when needed and appropriate.

As an agricultural businessman, Commissioner Coe noted the fees process has worked well in the past. Agriculture groups understand the concerns in MDA, and various agriculture groups have recommended fee increases to provide for

the necessary inspections they need to get their products certified and exported. The Commission looks forward to working with MABA, MFB, commodity groups, and other stakeholders as the department works toward resolutions to the inspection issues.

Director Koivisto advised the department is in the unenviable position of obtaining money from very limited sources – general fund dollars, federal funds, or fees. The general fund is continually decreased and fees are a struggle in the legislative process. The result is having to recommend the elimination of some programs. MDA has lost 83 of its 550 employees over the last three years through non-filled vacancies and layoffs and staff are spread very thin. An increasing number of inspections will be required to allow producers to move their product. In response to comment from Commissioner Green, Director Koivisto recognized an increase in fees does place a burden on the producer; and while the department prefers to never raise fees, it is faced with the dilemma of finding the resources to provide the required services.

FINAL DRAFT OF THE GENERALLY ACCEPTED AGRICULTURE MANAGEMENT PRACTICES (GAAMPs): Jim Johnson, Director, and Wayne Whitman, Right to Farm Program Manager, Environmental Stewardship Division; Professor Janice Swanson, MSU Animal Science, Care of Farm Animals Task Force Chair; Professor Eric Hanson, MSU Horticulture, Cranberry Production Task Force Chair; and Tom Kalchik, Associate Director, MSU Product Center, Farm Market Task Force Chair.

Jim Johnson noted one of the Commission's major responsibilities is to approve the Generally Accepted Agriculture Management Practices (GAAMPs) for the following year. This will be the set of standards used by the Right to Farm Program inspectors as they work with farmers on complaints regarding their operations and is a critical part of the entire Right to Farm process. He expressed a huge debt of gratitude for the tremendous amount work on the part of all the committee members, and in particular the committee chairs. The GAAMPs and the Right to Farm Program are extremely important to the agriculture community and Michigan's overall economy. Today, an eighth GAAMP is being added, the Farm Markets GAAMP.

Wayne Whitman reviewed the required annual GAAMPs review process, which began in March. For fiscal year 2009, MDA received nearly 3,000 Right to Farm complaints across Michigan on all types of farms and the department was able to resolve over 98 percent of those complaints voluntarily in terms of those farms meeting the GAAMPs. In response to Commissioner Green, Mr. Whitman advised that law requires the department to respond to all complaints received.

Three of the GAAMPs have no content changes for 2010, the Pesticide Utilization and Pest Control, the Nutrient Utilization, and the Irrigation Water Use GAAMPs.

MOTION: COMMISSIONER GREEN MOVED TO APPROVE THE NUTRIENT UTILIZATION, PESTICIDE UTILIZATION AND PEST CONTROL, AND IRRIGATION GAAMPs AS PRESENTED WITH NO CHANGES. COMMISSIONER COE SECONDED. MOTION CARRIED.

On behalf of Professor Wendy Powers, Mr. Whitman explained the recommended changes in the Manure Management and Utilization GAAMP. One significant change deals with temporary stockpiling of manure, which recognizes the need for a producer to temporarily stockpile manure outside of a livestock housing facility. Field experience demonstrated there are conflicts regarding the proximity of stockpiling near a neighbor's home. The committee, which included industry groups, agreed upon the appropriate text to determine an acceptable practice, which includes the set back language and flexibility in meeting the guidelines. The set back was determined by considering what is reasonable under various circumstances, recognizing the need for a measurable distance, unless the stockpile is covered.

Commissioner Coe noted the difficulty arises with the numerous townships having mixed agriculture and residential zones; the GAAMP recognizes the issue and has placed a reasonable standard. He recommended the GAAMP be approved as drafted. Mr. Johnson noted that because stockpiling was removed from the Concentrated Animal Feeding Operation (CAFO) General Permit language, it is even more important this definition is clarified within the GAAMP.

In response to inquiry from Commissioner Green, Mr. Whitman advised the Department of Environmental Quality establishes their own time line relative to manure application (within 24 hours), which is different from that specified in the GAAMP (within 48 hours). He explained that different purposes resulted in two different time frames.

The Commission expressed concerns relative to the set back distance of 50 feet, noting this issue will be considered during the next review process.

MOTION: COMMISSIONER COE MOVED TO APPROVE THE MANURE MANAGEMENT AND UTILIZATION GAAMP AS PRESENTED. COMMISSIONER GREEN SECONDED. MOTION CARRIED.

On behalf of Professor Wendy Powers, Mr. Whitman reviewed the Site Selection and Odor Control for New and Expanding Livestock Production Facilities

GAAMP. This set of practices was required by the amendment to the Right to Farm Act ten years ago and is used for producers to evaluate a proposed new site or expansion of an existing facility. The guidance here includes environmental performance, economic viability, and neighbor relations. In the last ten years, over 250 facilities have completed the site verification process, and during that time, about 80 percent of the CAFO operations in Michigan have completed site verification. Changes to this GAAMP were in clarifying the definitions of adjacent property and property line set back.

MOTION: COMMISSIONER COE MOVED TO APPROVE THE SITE SELECTION AND ODOR CONTROL FOR NEW AND EXPANDING LIVESTOCK PRODUCTION FACILITIES GAAMP AS PRESENTED. COMMISSIONER GREEN SECONDED. MOTION CARRIED.

Professor Janice Swanson reviewed the recommended changes to the Care of Farm Animals GAAMP, reporting that the committee carefully reviewed sections specific to each of the different animals. Language was updated regarding the treatment of non-ambulatory animals, in particular the swine, dairy, and beef. There is a major update to the sheep and goat chapter. References were updated in several of the chapters as needed. A significant change was made to the beekeeping section, primarily in regard to consolidation and movement relative to complaints from people who live in those surrounding areas. Committee membership was expanded to include the industry, small farms, and animal welfare representatives.

In response to inquiry from Commissioner Coe, Dr. Halstead reported county animal control officers are responsible for the State law as related to animal welfare, which is separate from the GAAMP. MDA does work closely with the counties when they have an animal welfare concern. He confirmed that everything in the GAAMP is in compliance with State law.

MOTION: COMMISSIONER COE MOVED TO APPROVE THE CARE OF FARM ANIMALS GAAMP AS PRESENTED. COMMISSIONER GREEN SECONDED. MOTION CARRIED.

Professor Eric Hanson advised the committee proposed a number of changes to the Cranberry Production GAAMP, most of which are in the appendices. Considerable information was added on agriculture water use reporting. He noted Bob Craig will no longer be on the committee and they will miss his insight into the cranberry industry in Michigan.

In response to question from Commissioner Regis, Dr. Hanson reported the committee will consider during next year's review the recent legislation affecting the cranberry industry. Mr. Whitman reported there is a clause in the Right to

Farm Act stating it does not affect the application of other federal or state statutes; therefore, if some overriding language exists, the department would ensure the GAAMP reflects such accordingly.

Dr. Hanson reported the cranberry industry is growing slowly, primarily because of regulatory hurdles. There has been potential for additional acreage; however, those wanting to invest in cranberry production in Michigan are not interested in making purchase of property until they are assured it can be permitted for cranberry production and this remains to be a lengthy process. The GAAMP helps educate people about the method for proceeding and the recently enacted legislation should improve the overall process.

MOTION: COMMISSIONER COE MOVED TO APPROVE THE CRANBERRY PRODUCTION GAAMP AS PRESENTED. COMMISSIONER GREEN SECONDED. MOTION CARRIED.

Tom Kalchik discussed details of the newly developed Farm Markets GAAMP. The committee initially developed the major issues relating to farm markets, relying heavily on the Farm Market Task Force Report provided in 2008 and the 2007 Michigan Agriculture Tourism Advisory Commission Report. The key points addressed in the GAAMP were: 1) it complies with the legislation (Right to Farm Act) and provides guidelines on how MDA may address issues brought forward; and 2) it recognizes there are other regulatory agencies at federal and state levels that may have jurisdiction. The committee expects the GAAMP will continually evolve as they gather public input and gain experience in working with this profitable sector of agriculture.

In response to public comments expressed earlier in the meeting, Mr. Kalchik reported that regarding the affiliated concern, the intent (as recognized by both the Task Force and within the GAAMP committee) recognized there are times when a farm might not be located in an area that is attractive to customers. Therefore, they needed to address the opportunity for a farmer to locate his/her retail operation at another site, and specified the location must comply with local land use zoning regulations. Guidelines provide education for anyone contemplating a farm market. The 50 percent guideline came only after considerable discussion by the committee. As a practical compromise, the application of the floor space guideline was determined to be a convenient and easy visual measurement. And if that did not prove to be practical, the receipts basis could be utilized. If there are processing activities as part of the farm market, they are regulated by other state and federal laws.

Because of being directly involved with the farm market industry, Commissioner Coe abstained from the vote on this item.

MOTION: COMMISSIONER GREEN MOVED TO APPROVE THE FARM MARKETS GAAMP AS PRESENTED. COMMISSIONER REGIS SECONDED. MOTION CARRIED.

Commissioner Regis reported the final versions of the GAAMPs will be available to the public on the MDA website within three days and printed copies within seven days. He requested that Mr. Whitman monitor concerns and comments relative to the Farm Markets GAAMP and ensure those are communicated to the commodity groups and industry partners.

On behalf of the Commission, Commissioner Regis requested a letter of appreciation be sent to each of the members of the respective GAAMPs committees thanking them for their time and outstanding efforts.

Director Koivisto also expressed his appreciation for everyone's efforts in developing and maintaining the GAAMPs, noting the Farm Markets GAAMP is extremely important as Michigan agriculture moves toward the wave of the future in providing fresh produce directly to the consumer.

LEGISLATIVE UPDATE: Nancy Nyquist, Legislative Liaison

Ms. Nyquist recognized Donna Stine, from the Governor's Policy Office, joined the first half of the meeting today.

She reported that much of what the Legislature has completed recently is relative to education reforms and those items that sunset at the end of the calendar year. As this is not the end of a legislative session, all pending legislation will carry over into 2010.

The House Agriculture Committee has not met since the last Commission meeting. The Senate Agriculture Committee did report out bills SB-997 and SB-998, which would have restored the powers and duties of the Commission; however, in light of the recent Executive Order, it is not anticipated these will move forward.

The House Appropriations Committee held a hearing and reported out three Representative Espinoza bills, HB-5657, 5658, and 5659. Each bill amends a single section in the Public Health Code regarding MDA Migrant Labor Housing Licensing and Inspection Programs. The Fiscal Year 2010 budget included intent language for establishing a schedule of Migrant Labor Housing fees. The bills are currently on the House floor and alternate solutions to the proposed re-inspection fee are being considered.

Commissioner Regis noted that once we have confirmation relative to holding the March 17 Commission meeting at the Capitol, the Commission would look for Ms. Nyquist's assistance in inviting Legislators to join that meeting.

Commissioner Regis also acknowledged that Donna Stine, from the Governor's office, joined a portion of the meeting today, but that she had been called to another meeting. It is anticipated that someone from the Executive Office will be attending the Commission meetings more frequently in the future and the Commission will attempt to make that a priority on their part.

BUDGET UPDATE: Amy Epkey, Budget Officer

Amy Epkey reported relative to the 2010 budget, which runs from October 1, 2009, through September 30, 2010, and the steps being taken to implement the budget and stay within its constraints. MDA's budget is \$80,000,000, including \$30,000,000 general fund, which overall was an 18 percent reduction in the total budget from 2009. Steps taken to remain within the constraints of the budget include eliminating programs, such as the Pet Shop Inspection and Fertilizer Testing; implementing a change in delivery of services through closing of MDA's regional offices; and a department restructuring that was driven by the loss of 83 staff members, including 23 layoffs within recent months.

As the department moves forward into 2011, we are in the early states of the budget development process and are in negotiations with the State Budget Office (SBO). SBO requested a revenue estimate, staffing levels, and information relative to potential reductions. The department also recently prioritized its programs. In terms of budget strategy, MDA is constantly looking at budget reduction options or ways in which to do business differently, and this includes the consideration of fee proposals.

Ms. Epkey reviewed the 2010 fee proposals that the department plans to discuss with the industry. The document will be revised on a regular basis as MDA continues to include input from the industry and the Legislature. She reported the Dairy Program and Migrant Labor Housing fees were part of the 2010 budget agreement. Grain Dealer Program fees are being discussed with the industry as a means to cover the \$300,000 budget reduction for the program. The Refined Petroleum Fund currently generates approximately \$50,000,000 statewide; of which MDA receives \$3,400,000. Because this fee sunsets December 31, 2009, there is an opportunity to increase the department's appropriation from this fund as the new legislation is developed. The department also receives \$1,000,000 from the Drivers License Fee Program and the option of increasing MDA's appropriation is being explored. Feed Inspection and License Program fees are very important, as current feed violation rates are 22 percent. Discussions have been held with industry relative to Fertilizer and Pesticide Program fees. The Nursery and Motor Fuels Wholesale fees, and Weights and Measures

Establishment Permit and Price Verification fines areas are in the very early stages of discussion.

Commissioner Coe requested the Commission be provided with a schedule which reflects all of the fees imposed by the department and the revenue generated by those fees.

Commissioner Regis confirmed the proposed fees, unless otherwise noted, are amounts that require establishment by legislation. The document represents proposed fees revenue.

MICHIGAN LABELING UPDATE: Jeff Haarer, Producer Security Services Section Manager, and Jim Bowes, Enforcement/Emergency Response Officer

Jim Bowes provided information in response to questions raised during the September Commission meeting regarding the potential of labeling enforcement in Michigan. In 1989, MDA initiated a "Michigan Premium" program to recognize and promote Michigan food and agricultural products, but it was never finalized in statute. More recently, a new program, "Select Michigan" emerged to once again promote Michigan fresh or processed products. Standards were established and long range goals developed, but there is nothing in statute to support any type of enforcement or regulatory action. Compliance with guidelines allows usage of the trademark.

With the current trends in purchasing fresh, local products, there is a potential for those who would take advantage of that by misleading consumers. The only enforcement tool is a section within the Food Law that mentions mislabeling and misbranding. If there exists some intentional mislabeling and misbranding, the department could investigate on a case-by-case basis for enforcement. Beyond a very specific food issue, it would be very difficult for the department to enforce. To provide for an effective enforcement mechanism, new legislation would be required. Based on the current level of resources available, it would be very difficult during these times to initiate that type of program.

In response to question from Commissioner Regis, Mr. Bowes advised there is nothing to prevent private industry in developing and distributing its own slogan or logo for Michigan products. He confirmed "Select Michigan" is a trademark owned by MDA. Commissioner Coe acknowledged MDA clearly does not have the resources to enforce mislabeling of products. Mr. Bowes reported MDA's complaint records indicate this is currently only a very minor problem.

Jeff Haarer reported on how Pennsylvania has addressed this issue. They have legal counsel within their agriculture department who consider incidences on a case-by-case basis, which relies on a Pennsylvania Trademark licensing agreement.

Until Michigan experiences more problems, Commissioner Coe recommended the issue be parked for now and readdressed should it become a future problem.

REGULATION 628, SEED POTATO CERTIFICATION RULES: Ken Rauscher, Director, Pesticide and Plant Pest Management Division

Ken Rauscher requested the Commission's approval to move forward with minor rule changes to Regulation 628, which authorizes and regulates the certification of seed potatoes under Act 221.

Mr. Rauscher gave a brief overview of the seed potato industry, for which the Michigan Seed Potato Association serves as the certifying agent. Approximately 2500 acres are devoted to seed potatoes, producing 1,000,000 hundred weight of seed in Michigan, which in turn supplies a commercial industry of about 50,000 acres, valued at \$150,000,000. It is a very significant industry in Michigan and has changed considerably over the last 20 years. In terms of certifying seed, the regulation itself has everything to do with disease management. To limit the potential of disease, the process now begins as tissue culture in a laboratory or greenhouse. Clean, virus-free material from the lab is propagated within a greenhouse into tubules that are eventually planted in the field for certification. During harvest, seed is inspected for bacterial diseases. As seed is loaded out of storage, the certification process includes a shipping point inspection before being sold to commercial growers.

The industry and the Seed Potato Association are requesting in the rule change 1) a set of protocols that will guide them as they look at greenhouse and laboratory operations; and 2) provide within the inspection protocols the option of certifying the lot, as opposed to each load.

Mr. Rauscher requested approval from the Commission to move forward with this rule change.

MOTION: COMMISSIONER COE MOVED TO APPROVE THE OPENING OF THE RULE MAKING PROCESS TO CONSIDER MINOR AMENDMENTS TO SEED POTATO CERTIFICATION AS CONTAINED IN REGULATION 628 OF P.A. 221. COMMISSIONER GREEN SECONDED. MOTION CARRIED.

FERAL SWINE PROGRAM UPDATE: Steven Halstead, State Veterinarian and Division Director, and Nancy Frank, Deputy Director, Animal Industry Division

Dr. Halstead reported the feral swine legislation is progressing at a disappointingly slow rate. Because of this, the Feral Swine Working Group, chaired by Dr. Nancy Frank, has proposed new measures be implemented which can be accomplished without the legislation.

Dr. Frank noted that in 2007, there was a joint resolution with this Commission and the Natural Resources Commission directing the departments to take very aggressive action toward the elimination of feral swine. The departments have been doing so, although without necessary legislative authority to provide stronger tools, progress has been slow. In fact, the feral swine population continues to expand, both in range and in numbers. The Feral Swine Working Group proposed modification of the strategy, including a pilot project targeting a local population – a targeted suppression elimination project. Also included in the new strategy are plans to engage in a broader educational and outreach program statewide, and to increase monitoring efforts, especially within the Bovine Tuberculosis area.

In response to question by Commissioner Coe, Dr. Frank confirmed those holding any type of a hunting license may shoot a feral swine generally any time of the year. Michigan faces a tough challenge in the elimination of feral swine, but the departments will continue their efforts, which will be enhanced by the new strategy and most importantly, by additional legislative authority once it is enacted.

Dr. Frank reported the Michigan Department of Natural Resources reports an increase in the number of sightings and incidences of feral swine damage. MFB supports a moratorium on any new hunting swine facilities. To protect the potential of a disease outbreak in the commercial swine industry, Director Koivisto confirmed the departments need the ability to regulate the hunting facilities and, although meeting resistance, MDA is working hard toward obtaining that authority.

In response to question from Commissioner Green, Dr. Frank reported the department can increase hunting facility surveillance requirements and health programs are already in place at those facilities. The next steps are to kill some of those feral swine in the wild, and also attempt to obtain additional resources through partnerships and the engagement of local communities to accomplish that task.

MOTION: COMMISSIONER GREEN MOVED TO SUPPORT THE PROPOSED NEW STRATEGY FOR THE FERAL SWINE PROGRAM. COMMISSIONER COE SECONDED. MOTION CARRIED.

Commissioner Regis requested that regular updates on the new strategy be provided to the Commission. He also requested Ms. Nyquist provide an update on the Feral Swine legislation for the February meeting.

COMMISSIONER ISSUES

Commissioner Regis reviewed three resolutions before the Commission: 1) recognizing Alexandria Henry upon her election as the 2009-2010 National Future Farmers of America Eastern Region Vice President; 2) retirement resolution for Karen Mullin; and 3) retirement resolution for Juanita Perez.

MOTION: COMMISSIONER COE MOVED THE RESOLUTIONS FOR ALEXANDRIA HENRY, KAREN MULLIN, AND JUANITA PEREZ BE ADOPTED. COMMISSIONER GREEN SECONDED. MOTION CARRIED.

Commissioner Regis received an invitation to the Jobs and Economic Growth Forum, hosted by the U.S. Department of Agriculture (USDA) Rural Development Farm Services Agency, to be held at Lansing Community College on December 17, from 6:00 to 8:00 p.m. Various USDA representatives will be in attendance. If someone is interesting in attending, he can provide the information.

On a national basis, the United Food and Commercial Workers (UFCW) and Smithfield are conducting a "Feeding the Hungry" campaign, coordinating 20 events throughout the nation. Michigan is the only state to host two of those events, the first being January 21 with Smithfield and Meijer in Grand Rapids and the second to be held June 3 in the Detroit area. Either Chef Jeff Henderson or Paula Deen will be at each of those events. This is an opportunity for the Commission to compliment the great work, such as the annual Harvest Gathering, that has been going on in the state, and it is a great opportunity for us to help give back.

PUBLIC COMMENT

Tonia Ritter, Michigan Farm Bureau (MFB), acknowledged the current budget situation has forced MDA to look at things more comprehensively and appreciates the department presenting an overall fees increase structure document and commends the department for being very open in discussion of consideration of this strategy.

Specific to the Producer Security section, MFB reported there are funds from other areas to support that section. The Governor vetoed \$300,000 in that section and in order to fill that void, the Farm Produce Insurance Authority approved \$42,000 additional funds, as well as the other commodity organizations have been asked to support that program in the interim. This places the industry at a disadvantage as we begin the next budget cycle; but, those organizations recognize it is a very important service to preserve.

Relative to fees, MFB members would prefer that fees be considered as a last resort in gaining the revenue needed to support programs. MFB continues to support an increase in general fund.

Ms. Ritter noted that often times, MFB members don't fully understand what programs MDA coordinates. The organization needs to work with the department to do a better job of communicating with their members about the importance of its programs.

MFB feels the fee violations aspect needs to be considered and information on repeat violators should be made available to their members and to the public. She also noted that if fees are to be increased, fines should also be increased.

On behalf of MFB, she thanked the department for the tremendous amount of work it has accomplished in the budget area and looks forward to continuing to work with the department as discussions on fees continue.

Commissioner Regis requested the department give a presentation during the January Commission meeting detailing the fines schedule for the department's various regulatory programs.

ADJOURN

MOTION: COMMISSIONER GREEN MOVED TO ADJOURN THE MEETING. COMMISSIONER COE SECONDED. MOTION CARRIED.

The meeting was adjourned at 12:08 p.m.

Attachments:

- A) *Agenda*
- B) *Agriculture Commission Meeting Minutes November 2, 2009*
- C) *Proposed 2010 Commission of Agriculture Meeting Schedule*
- D) *Final Draft of the Generally Accepted Agriculture Management Practices*
- E) *Legislative Status – December 2009*
- F) *Michigan Department of Agriculture 2010 Fee Proposals, December 4, 2009*
- G) *Report on Michigan Product Labeling*
- H) *Michigan Labeling Memo from Jim Bowes*
- I) *Pennsylvania Preferred Review Report*
- J) *Michigan Seed Potato Certification Program Presentation*
- K) *Michigan Feral Swine Update*
- L) *Resolution for Alexandria Henry*
- M) *Resolution for Karen Mullin*
- N) *Resolution for Juanita Perez*