

MICHIGAN COMMISSION OF AGRICULTURE
Lansing Center
Governor's Room
333 E. Michigan Avenue
Lansing, Michigan 48933

MEETING MINUTES
APRIL 12, 2007

PRESENT:

James Byrum, Chairperson
Dale Norton, Vice Chairperson
Ann Jousma-Miller, Secretary (via teleconference)
Don Coe, Commission of Agriculture
Todd Regis, Commission of Agriculture
Mitch Irwin, Director, Michigan Department of Agriculture

CALL TO ORDER AND ROLL CALL

Chairperson Byrum called the meeting of the Commission of Agriculture to order at 10:02 a.m. on Thursday, April 12, 2007. Commissioner Jousma-Miller called the roll with Commissioners Byrum, Norton, Coe, Regis, Jousma-Miller (via teleconference) and Director Irwin present.

Commissioner Byrum welcomed Todd Regis as the newest member of the Commissioner of Agriculture.

APPROVAL OF MARCH 6, 2007 MEETING MINUTES

**MOTION: COMMISSIONER COE MOVED TO APPROVE THE
MARCH 6, 2007 MEETING MINUTES. SECONDED BY
COMMISSIONER NORTON. MOTION CARRIED UNANIMOUSLY.**

NEXT SCHEDULED MEETING

The next scheduled meeting will be held June 12, 2007 in Lansing

COMMISSIONERS' TRAVEL

April 11, 2007, Ag Policy Meeting, Lansing – Commissioner Norton
April 11, 2007, Met with Rep. Hoekstra regarding the Farm Bill – Commissioner Coe
March 21, 2007, Attended Ag Day at the Capitol and meetings afterwards – Commissioner Coe

**MOTION: COMMISSIONER NORTON MOVED TO APPROVE
COMMISSIONERS' TRAVEL. SECONDED BY COMMISSIONER
REGIS. MOTION CARRIED UNANIMOUSLY.**

COMMISSION COMMENTS:

Commissioner Regis commented briefly on his background. He resides in Jackson and grew up in Hickory Corners in Barry County. He graduated from Western Michigan University and currently works for the United Food and Commercial Workers Labor Union representing workers 60,000 employees in food distribution and manufacturing industry including Meijer, Kroger and Farmer Jack. He serves as vice president of the Local and director or organizing.

Commissioner Coe commented briefly about the effect the recent cold snap has had on the fruit industry in the Traverse City area. The bud cuts done by the Horticulture Research Station showed that there will probably be a loss of about 40% of the sweet cherry crop. For tart cherries it ranged from 15-80% depending on the location of the orchard. The apple crop was less affected as they bud later in the season.

He noted meetings he recently attended including planning meetings for the National Governors' Conference; MSU Extension and Experiment Station Council meeting on March 13; Michigan Land Use Institute on March 15; meeting about a pilot program for local fresh food distribution into grocery channels in the Traverse City area; a seminar by one of the Julian-Stille grant awardees; and a meeting with Ray Pleva, who also received a Julian-Stille grant.

Commissioner Coe asked that someone from the Agriculture Development Division attend a meeting on April 25 at Michigan Economic Development Division to discuss the Cerise Nutraceuticals project. He feels it has great promise for the cherry industry.

He also attended a meeting of the Northwest Horticulture Research Foundation in Leelanau County; attended meetings held by Senator Stabenow on the Farm Bill and a meeting with Representative Hoekstra. While there was much discussion about the Farm Bill, those in attendance also wanted to talk about labor force and an ag jobs bill.

Commissioner Norton noted that on March 21, 2007 he attended the Animal Agriculture Alliance meeting in Washington, DC. Representative Colin Peterson commented on the Farm Bill. Commissioner Norton also visited with Congressman Wahlberg.

He attended and gave public comment at a meeting of the National Commission on Industrial Farm Animal Production in Durham, NC, at the request of the National Pork Board. This Commission looks at the impact of large scale animal production on the rural community.

He commented on the recent crop report regarding the projection of corn acres of 90.3 million acres of corn, up 15%. The market has dropped 40 cents in two days, however, with the recent cold weather and consolidation, the price has come back a bit. Soybeans dropped considerably and cotton dropped the most. There is corn being planted in the south on cotton and soybean acres.

He noted the vegetable industry is having a difficult time finding acreage due to high corn prices. It is easier to grow corn than it is to grow vegetables.

Commissioner Norton also attended the Beef Expo.

Commissioner Jousma-Miller noted a concern in the Upper Peninsula (UP) regarding the recent detection of a virus in the fish and the moratorium that the Michigan Department of Natural Resources (MDNR) has placed on restocking Walleye in the bays.

In March, Michigan State University (MSU) hosted an excellent series of workshops called "Agriculture for Tomorrow". Director Irwin was the guest speaker at the luncheon. While Director Irwin was in the UP, they met with the Upper Peninsula Fair Board to discuss and evaluate the future of the facility.

Commissioner Jousma-Miller has also been attending the Soil Conservation District Annual Meetings. She noted that Director Irwin also met with 12 individuals from the 15 counties.

There is a tremendous interest in biomass energy and companies looking at the UP for the future.

Commissioner Byrum noted the loss of early plantings due to the cold weather. He commented it will be a late season for everything which will put huge pressure on the supply chain to get fertilizer where it needs to be. It will be a rushed season and everything will be a least a week behind last year.

Corn acres in Michigan are up about 300,000 acres, soybeans are down about 250,000 acres.

DIRECTOR'S REPORT

Director Irwin welcomed Commissioner Regis. He noted that he was very active of the Food Policy Council and thanked him for his efforts.

He briefly discussed budget issues and said that staff has been spending the majority of time on budget related matters. He discussed the 2007 Executive Order Budget Overview and the 2008 Executive Budget Overview. Staff has

been testifying before both the House and Senate about the impact of the potential reductions.

He commented about the Cabinet Action Teams the Governor has developed. MDA has been teamed with the Michigan Economic Development Corporation (MEDC) for a focused effort on jobs related to renewable energy and renewable fuels as a part of the economic action team.

The key issue on everyone's mind is how do we assure and manage the necessary resources including MDNR, Michigan Department of Environmental Quality (MDEQ) and MDA. The directors of those departments have been meeting monthly to find areas for better cooperation.

Director Irwin commented briefly on key department activities from the last month including the first Julian-Stille Ag Innovation grantee (Michigan Meat Processing in Escanaba) completing their project and being reimbursed; an article written by Jeanne Lipe regarding agricultural tourism in the Michigan Townships Association's May publication; a new group of Michigan Veterinary Corps members completed training and the Food and Dairy Division staff response to foodborne illness outbreaks and food recalls.

A brief discussed ensued regarding the reaction to the proposed cuts. Director Irwin stated that MDA will perform duties, in accordance with the law, to the best of our ability. Resources and duties will be shifted to do the best job possible.

A discussion ensued regarding the reduction of funding and impact of the proposed cuts to Michigan Agriculture Statistics.

DIRECTOR'S TRAVEL

- No new out of state travel planned.

PUBLIC COMMENT

Amy Frankmann, Michigan Nursery and Landscape Association (MNLA), commented on the proposed 12.5% increase of nursery inspection fee increase. She noted that the day before, she and a number of growers had a positive meeting with Director Irwin and Ken Rauscher, Director, Pesticide and Plant Pest Management Division. She stated that MNLA recognizes the difficulty that MDA is having with the budget and the shortfalls in the nursery inspection program. MNLA appreciates the openness of the Department to look at ways of improving and changing the process of the nursery program. There are opportunities to generate news ideas and improve efficiencies within the program. MNLA supports the Department and did not oppose the 10% increase in nursery inspection fees last year. Based on the commitment from MDA for 2007, MNLA

does not oppose a one year 12.5% increase in nursery inspection fees contingent upon critical review of the existing nursery laws.

Director Irwin noted that the law requires that each year the Department review and make recommendations to the Commission.

Commissioner Coe thanked Ms. Frankmann for MNLA's support.

Ben Kudwa, Michigan Potato Growers of Michigan, submitted two letters of support, and noted that they do support the proposed 7.1% increase for fruit and vegetable inspection. He commented that support of the inspection fee increase shows the importance of the program to the industry and consumers.

Tonia Ritter, Michigan Farm Bureau (MFB), stated that MFB is very concerned about the agriculture budget. They have aggressively advocated with the legislature for funding for MDA. It is disconcerting that Michigan's largest industry, that has tremendous growth potential, is not receiving the appropriate resources behind the department that supports that industry.

She also noted the need for moderate fee increases due to rising costs associated with the services provided. The services provided by MDA benefit other industries and MFB believes there should be a balance between general fund support and a fee provided by the individual licensee, for many of the services discussed.

She commented that other agencies are looking for fee increases as well.

Ms. Ritter stated their support for MDA, noting that we need to continue doing more with less, that the legislature needs to continue reducing the cost of government, increasing efficiencies, with a limited and very specific increase.

Commissioner Byrum noted letters of support on file from the Michigan Potato Growers of Michigan, Inc., Michigan Seed Potato Association, and the Michigan Vegetable Council, Inc.

FEE REVIEW: Amy Epkey, Budget Officer, Finance and Administrative Services Division; Steve Reh, Director, Laboratory Division; Michael Pinagel, Director, Consumer Protection Section, Weights and Measures and Motor Fuel Quality Program, Laboratory Division; Kenneth Rauscher, Director, Pesticide and Plant Pest Management Division

Ms. Epkey commented that staff has been reviewing program costs and current funding and determined that there are gaps between program needs and funding. As a result, they are recommending fee increases in four categories:

weights and measures fees; bean inspection; fruit and vegetable inspection; and nursery inspection fees.

By statute, the nursery inspection fees require Commission approval.

Steve Reh and Mike Pinagel joined Ms. Epkey and provided additional information relative to specific fees impacted under the Weights and Measures fee increases. They discussed an adjustment in the Weights and Measures fees for certain activities. The activities and fees are authorized under 1964 PA 283, Weights and Measures Act. The act states that the MDA director may annually adjust fees to ensure costs are recovered based on activities performed under the responsibilities of the act. The fees have not been adjusted since 2003. The fees have been adjusted based on actual costs in 2006 and 2007 workload projections.

Mr. Pinagel shared information about the activities and programs that will be effected.

A brief discussion ensued regarding the process used to arrive at the proposed increases.

Ken Rauscher thanked staff and industry for their work and support of the Fruit and Vegetable Inspection Program and Bean Inspection Program. Mr. Rauscher discussed the balance needed between the general fund support and user fees. He noted that the dry bean inspection fee had not been changed since 2003. He discussed changes in structure for onsite inspections and grading.

A brief discussion ensued regarding the size of the dry bean crop and exporting.

Mr. Rauscher reviewed the grading service offered, in cooperation with the United States Department of Agriculture, Agriculture Marketing Service (USDA AMS), for fruits and vegetables. He reviewed the fees charged for a variety of services. The changes represent about a 7% increase, changed last in 2004.

Commissioner Coe noted that the fees appear to be very reasonable. Commissioner Byrum noted these fee increases do not require Commission approval.

Mr. Rauscher noted that, by statute, MDA is required to review the nursery inspection fees on a yearly basis and make adjustments to recover costs, or a substantial portion of costs. The fees were adjusted last year.

MOTION: COMMISSIONER COE MOVED TO ACCEPT THE PROPOSED FEE INCREASE FOR THE NURSERY INSPECTION PROGRAM FROM THE CURRENT \$40 PER HOUR TO \$45 PER HOUR; AND THAT THE ACREAGE RATE BE INCREASED BY \$5.00 FOR THE FIRST ACRE AND \$2.00 FOR EACH ADDITIONAL ACRE (FROM THE CURRENT \$40.00 TO \$45.00 FOR THE FIRST ACRE AND FROM \$20.00 TO \$22.00 FOR EACH ADDITIONAL ACRE). COMMISSIONER NORTON SECONDED. MOTION CARRIED UNANIMOUSLY.

Mr. Rauscher noted that staff, led by Robin Rosenbaum, have been very involved in the pet food recalls, in cooperation with the Food & Drug Administration (FDA) that have been occurring over the last month. It will probably become the largest animal feed recall ever conducted by the FDA. Staff has been auditing grocery stores and firms that sell pet food. It is substantial and he recognized the hard work staff has put into the recall.

Commissioner Byrum noted this is a good example why we do inspections and the value of those inspections.

Commissioner Coe discussed the idea of setting targets for departments to recover fees for uniformity. Director Irwin noted that a thorough evaluation is being conducted. There are three categories of fees that agriculture producers have to deal with: fees that can be changed by MDA; fees that are approved by the Agriculture Commission; and fees that are determined by the legislature.

In response to a question from Commissioner Byrum, Director Irwin stated there is an ongoing review of fees with industry partners.

Commissioner Norton asked how fees are determined in the Weights and Measures program when measures are not correct. Mr. Pinagel stated that fines assessed are generally in the form of a consent agreement, spelled out in statute, based on a tier structure with a range of penalties. The particular circumstances are reviewed by staff that includes investigative costs and economic benefit obtained by the operator.

LEGISLATIVE REPORT: Liesl Clark, Legislative Liaison

Ms. Clark distributed a document with information related to Sunset Fees in the current legislative session. The five fees include the Pesticide Applicator Fees, Pet Shop License Fees, Livestock Operations License Fees, Horse Riding Stables Licensing Fees, and Nursery Stock Fees. If the sunset language is not removed, it would mean a loss of \$500,000 to MDA. Staff is working to have these brought before the House and Senate.

It has been a quiet two weeks. She reviewed committee meetings that have occurred. Staff has been hard at work educating the legislature with numerous presentations before a number of different committees including Jeanne Lipe's presentation on Agricultural Tourism before the Senate Agriculture Committee and Brad Deacon's excellent Emergency Management overview before the Senate Homeland Security Committee and will probably go before the House Agriculture Appropriations Committee.

She noted that she and Director Irwin attended Senator Stabenow's Farm Bill hearing in Muskegon on April 2, 2007. Senator Stabenow is also planning to schedule a specialty crop hearing in Washington, DC in late April.

PUBLIC COMMENT

Galen Schalk submitted written comments regarding his concern with the livestock industry in the Modified Accredited Zone and Bovine Tuberculosis (Bovine TB). He would like to see "test and remove" option in the TB Eradication Program. (Attachment D)

E.J. Brown, Michigan Association of Fairs & Exhibitions, distributed the 2007 Michigan Fairs & Events Directory with the Commissioners. He briefly discussed the distribution of the brochure and invited everyone to attend the events listed.

Clifford Tulgestke submitted a document for the Commissioners' consideration related to Bovine TB. He noted that he is a surviving TB herd owner. His farm was the first dairy farm confirmed with TB. His herd went through the test and remove process and he supports that process versus total depopulation as there is no way to protect against the disease being in the wildlife.

He asked that there be more cooperation between MDA, MDNR, USDA and the Governor's office to eradicate the disease from all species. He does not feel there is a lot of cooperation at the field level.

He reviewed the documents distributed regarding the economic impact to the community of a single cow. The information was collected from Minnesota and Wisconsin. No information for Michigan was available.

He stated that it is not just the farms that are being impacted, but the entire support industry and communities.

In response to a question from Commissioner Coe, Dr. Steven Halstead explained the remuneration process through USDA.

RETIREMENT RESOLUTION FOR KEITH CREAGH

Commissioner Byrum noted a resolution before the Commission to commend and recognize Keith Creagh upon his retirement from MDA effective March 31, 2007. He noted numerous awards and recognitions Mr. Creagh has received during his 33 years with MDA. He congratulated Mr. Creagh and commended him for his work with the industry, MDA and state government.

MOTION: COMMISSIONER NORTON MOVED THAT THE RESOLUTION FOR KEITH CREAGH BE ADOPTED. COMMISSIONER COE SECONDED. MOTION CARRIED UNANIMOUSLY.

Director Irwin noted upcoming activities to celebrate Mr. Creagh's contribution to MDA and the industry. He thanked him for his leadership at MDA and the partnerships that have been developed over the years with Keith's help.

Commissioner Norton thanked Keith for being a great source of information and help when he was an incoming Commissioner.

COMMISSIONERS' ISSUES

Commissioner Byrum asked Dr. Halstead and Dr. Frank to address an issue regarding tagging of reindeer. The Commissioner had received an e-mail from a producer in the UP asking for clarification for animal identification in reindeer.

A discussion ensued with Commissioner Jousma-Miller relaying additional information from the constituent. She noted discrepancies of information between MDA and MDNR's website.

Commissioner Byrum asked Director Irwin to respond in writing to the constituent with an appropriate response relative to the statute and operating standards.

ADJOURN

MOTION: COMMISSIONER COE MOVED TO ADJOURN THE MEETING. COMMISSIONER JOUSMA-MILLER SECONDED. MOTION CARRIED UNANIMOUSLY.

The meeting was adjourned at 11:59 a.m.

Attachments:

A – Agenda

B – Agriculture Commission Meeting Minutes March 6, 2007

C – Director's Report; Agriculture and Forestry for Energy, Chemicals and Materials: The Road Forward; Down on the Farm: Agricultural Tourism and Townships, an article by Jeanne Lipe; (MDA) 2007 Executive Order Budget Overview; (MDA) 2008 Executive Budget Overview

Attachments (continued):

D – Public Comment: Letter dated April 12, 2007 from Ben Kudwa, Michigan Potato Industry Commissioner; Letter dated April 12, 2007 from Jeff Axford, Michigan Seed Potato Association; a letter dated April 12, 2007 from Dave Smith, Michigan Vegetable Council; comments submitted from Galen Schalk; Economic Impact to the Community submitted by Clifford Tugelstke

E – Fee Review: Memo dated April 10, 2007 from Kenneth Rauscher regarding Nursery Program Inspection Fee Modification Proposal; Memo dated April 11, 2007 outlining proposed fee increases with spreadsheet

F – Legislative Status April 2007; Sunset Fees April 10, 2007

G – Retirement Resolution for Keith Creagh

H – E-mail from Mike and Beth Juneau regarding Animal Identification

I – Copy of PowerPoint entitled Michigan Bovine Tuberculosis Eradication Program

*J – Copy of PowerPoint entitled Feral Swine Working Group Michigan Update
Copy of A Resolution to Prevent the Establishment of Feral Swine in Michigan*

*K – Copy of PowerPoint entitled Grow With Us Advancing Michigan's Biobased Economy by Mitch Irwin
Copy of PowerPoint entitled Biofuels Update by Donna LaCourt*

L – Department of Natural Resources FY 2006-2007 General Fund Reductions; Department of Natural Resources Summary of FY 2007-2008 Executive Recommendation & House Changes to Operating Budget; (MDA) 2007 Executive Order Budget Overview; (MDA) 2008 Executive Budget Overview

M – Statement of Support for the Guard and Reserve; April 12, 2007 document with biographies of employees in the National Guard or Reserve in attendance