

# MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT

AgroLiquid  
3055 West M-21  
St. Johns, Michigan

## MEETING MINUTES

MAY 9, 2018

### **PRESENT:**

Bob Kennedy, Chair, Michigan Commission of Agriculture and Rural Development  
Brian Pridgeon, Secretary, Michigan Commission of Agriculture and Rural Development  
Diane Hanson, Past Chair, Michigan Commission of Agriculture and Rural Development  
Dru Montri, Past Chair, Michigan Commission of Agriculture and Rural Development  
Gordon Wenk, Director, Michigan Department of Agriculture and Rural Development

### **ABSENT AND EXCUSED:**

Trever Meachum, Vice Chair, Michigan Commission of Agriculture and Rural Development

### **CALL TO ORDER AND ROLL CALL**

Chairperson Kennedy called the meeting of the Commission of Agriculture and Rural Development to order at 9:00 a.m. on May 9, 2018. Commissioner Pridgeon called the roll with Commissioners Hanson, Kennedy, Pridgeon, and Montri, and Director Gordon Wenk present.

### **APPROVAL OF AGENDA**

**MOTION: COMMISSIONER MONTRI MOVED TO APPROVE THE MEETING AGENDA FOR MAY 9, 2018. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.**

### **APPROVAL OF MARCH 21, 2018, MEETING MINUTES**

**MOTION: COMMISSIONER PRIDGEON MOVED TO APPROVE THE MARCH 21, 2018, MEETING MINUTES. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.**

### **NEXT SCHEDULED MEETING**

The next scheduled meeting is Wednesday, July 18, to be held at GreenStone Farm Credit Services, 3515 West Road, East Lansing.

### **COMMISSIONER COMMENTS AND TRAVEL**

**Commissioner Hanson** reported it has remained cold in the Upper Peninsula (UP), with very little rain. The only field operations have been around oats, which is a cold weather crop, and no other planting has begun. The deer population continues to dominate the landscape. She attended a meeting at the UP Research and Extension Center in Chatham, hosted by Donna LaCourt, from the Michigan Department of Agriculture and Rural Development (MDARD). During that meeting, a businessman from Arizona

discussed what type of value-added industry he could bring to the area. She also joined a meeting in Escanaba between Michigan State University (MSU) Extension and the various Intercounty School Districts who are working to develop ways of bringing more agriculture into the classroom. MSU is also planning a joint agriculture program with Bay de noc Community College.

**Commissioner Pridgeon** reported producers in his area are in the fields, having completed three-five days of solid planting. Livestock producers are reporting continued commodity stress, especially in the dairy industry, which is causing sleepless nights.

**Commissioner Montri** reported she had the opportunity to host U.S. Secretary of Agriculture Sonny Perdue in early April and was able to showcase MSU agricultural research efforts. Director Wenk joined that event. She looks forward to joining Friday's Michigan Potato Facts Tour, as well as Ag Innovation Day on June 28 at the Southwest Michigan Research and Extension Center. This spring, everything is on track on their farm, with all but one of the hoopouses being planted. Tomatoes are strung and interplanted with lettuce and other greens, and she enjoyed her first spring salad this morning as it was being harvested. They acquired new cultivation equipment, which is increasing their tractor skills. The year's first outdoor farmers market was held last week.

**Commissioner Kennedy** reported spring arrived late in the Saginaw Valley and producers are working very hard to complete planting, with about 70 percent of corn in the ground and beans being started. P.A. 199, which was an issue for the agriculture industry, has been resolved.

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

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

### **COMMISSIONER ISSUES**

Commissioner Kennedy reviewed two retirement resolutions before the Commission. Harlan Stoin has spent 27 years with the department, primarily in the Motor Fuel and Enforcement Program. He has enjoyed a very distinguished career.

Jon Schiavo has been with the department for 28 years, and enjoyed a long and distinguished career with the Food and Dairy Division.

Commissioner Kennedy wished them both well in their retirement.

**MOTION: COMMISSIONER MONTRI MOVED THE RESOLUTIONS FOR HARLAN STOIN AND JON SCHIAVO BE ADOPTED WITH BEST WISHES FOR THEIR LONG AND HEALTHY RETIREMENTS. COMMISSIONER PRIDGEON SECONDED. MOTION CARRIED.**

## **DIRECTOR'S REPORT**

Director Wenk introduced the department's new Chief Deputy Director, Ken McFarlane. He also introduced Dr. James Averill, who will become the new Deputy Director on May 21. MDARD's executive team is now complete and ready to move forward.

At the last Cabinet meeting, preparing for transition to a new Governor's Administration was a key topic. Over the summer, the divisions will compile documents to help educate the new Administration about the agency's responsibilities and goals.

The Director introduced Abby Eaton, who is coordinating MDARD's hosting of two African Fellows through the Advancing Young Women Professional Fellows Program. Ms. Eaton introduced Sinthia Habib, from Tanzania, and advised we also have another fellow, Joan Kinyanju, from Kenya. The Young Women Professional Fellows Program is a partnership with MSU, funded by the U.S. State Department, to build agro-entrepreneurship and empower women in the African agricultural sector. Sinthia and Joan are two of 24 fellows chosen for this program from an application pool of 600. The first cohort of 11 fellows are currently visiting various organizations across the state, while a second group will visit in October. Ms. Kinyanju is a beekeeper and also works with her local government to train women farmers and promote apiculture practices in Kenya. Ms. Habib advised she is a food training officer for the Revolutionary Government of Zanzibar. She is interested in value-added production, particularly to reduce post-harvest waste, and hopes to become an entrepreneur in the agricultural sector. Director Wenk welcomed Ms. Zanzibar and thanked Ms. Eaton for serving as the department's lead in this extraordinary program.

As mentioned previously, Director Wenk reported the department had an opportunity to again speak with Secretary Perdue. Secretary Perdue and Pennsylvania Secretary Russel Redding also joined him for a tour of the Clemens Food Group facility in Coldwater, which is an impressive operation. While in the area, they also toured Mastronardi Produce.

The Director gave opening remarks at the Michigan Food Summit on April 19. The Summit is a partnership between The Right Place and various other Grand Rapids organizations that focuses on food processors and other food related businesses. It was a very successful event, bringing about 250-300 businesses together for a networking and educational opportunity.

This week, the Director participated in McDonald's fresh beef roll-out media event. All of their quarter pounders will now be made with fresh beef, rather than frozen. Over 11 million pounds of that beef will be purchased in Michigan. Overall, McDonald's purchases approximately 116 million pounds of Michigan products each year.

This is China week in Michigan and a delegation of over 150 Chinese government officials and business representatives are visiting. A reception was held Sunday evening in Detroit and the week's events conclude in Grand Rapids tomorrow.

MDARD sought an opinion from the Attorney General regarding the preemption language in the Right To Farm Act relative to townships creating ordinances that were restrictive of agricultural development. The Attorney General's opinion supported the department's interpretation that the preemption does preclude or preempt any of those local ordinances. Although this is what the department expected, they appreciated that confirmation. The opinion, as well as alternative solutions, have been shared with a number of townships that were contemplating adopting ordinances.

Director Wenk reported the budget process this year is near the revenue estimating stage, which will be followed by establishment of targets. The different House and Senate versions of MDARD's budget will be contemplated in Conference Committee, after which the final budget will be established. In response to question from Commissioner Kennedy, the Director advised the department should receive adequate funding to continue all programs at a comfortable level.

#### **PUBLIC COMMENT (AGENDA ITEMS ONLY)**

There was no public comment relative to agenda items.

#### **CHRONIC WASTING DISEASE WORKING GROUP REPORT: James Averill, State Veterinarian and Division Director, Animal Industry Division; and Russ Mason, Chief of the Wildlife Division, Michigan Department of Natural Resources**

Dr. Averill reported Chronic Wasting Disease (CWD) is consuming a fair amount of time for the department and our sister agency, the Department of Natural Resources (MDNR), in addition to involvement by the U.S. Department of Agriculture (USDA). He and Dr. Kelly Straka, the State Wildlife Veterinarian, co-chaired the special CWD Working Group. Because Dr. Straka is involved in crucial meetings with the Natural Resources Commission (NRC) today, MDNR's Chief of the Wildlife Division, Russ Mason, is joining him for this presentation today.

A Chronic Wasting Disease (CWD) Symposium was held October 3-4, 2017. The 20 invited speakers were from the 10 states with known disease prevalence levels from emerging to endemic. This provided the strength of a multi-disciplinary approach, with presentations on cutting-edge research and management strategies.

As background, on April 12, 2017, the NRC accepted the charge, "NRC, in conjunction with MDR, will establish a scientific panel of experts, selected by the Chairman of the NRC, the Director of MDNR, and the Director of MDARD, or such other officials as the Chairman of the NRC and the Director of MDNR seem appropriate..." A nine-member Working Group was selected and, together with CWD Symposium speakers, represented a wide variety of stakeholders from private industry, non-profit interest groups, academia, and government.

The charge to the NRC further stated, "The Working Group was assembled for the purposes of advising NRC, MDNR, or other applicable agencies on further steps and action which could be implemented to substantially mitigate or eliminate CWD in Michigan. Such recommendations may include matters or subjects that would require legislative action or which jurisdiction for such action resides in other agencies."

Three in-person, facilitated meetings were held in October, November, and December of 2017. The majority rules, minority reports decision-making model was employed. Four focus areas were identified by the Working Group as areas of emphasis from the knowledge presented at the CWD Symposium: 1) communication, 2) research, 3) farmed cervidae, and 4) harvest and removal.

Under the first focus area of communications, the Working Group recommended NRC pursue the assistance of an outside marketing agency in development of messaging Michigan's vision for CWD surveillance and management. This messaging should place emphasis on the importance of herd health and Michigan's commitment to sustainable, healthy deer populations across the state and should 1) build direct partnerships between MDNR and hunting organizations, 2) educate hunters on importance of doe harvest for population management and the movement/disposal of carcasses, 3) develop public education for CWD, 4) help people understand management steps, and 5) learn from other state experiences. Because CWD is a difficult disease to understand, messaging about CWD in an easily-understood format for the general public and the hunting community is a priority. Although not part of this recommendation, this partnership would likely involve focus groups that can reach out to other stakeholders to determine the best route for promoting the healthy, sustained conservation of wildlife populations.

CWD is a prion that causes neurological deformity and can be transmitted to other animals of that species. The only means of testing is through a dead animal, making it a very difficult disease to control. Because the lack of funding is a significant detriment to the fight against CWD and research is needed to develop new tools and improve epidemiologic understanding of the disease, the Working Group recommended NRC should take the lead in forming a consortium of states and provinces to seek federal, state, and private funding and share research on CWD surveillance methods, diagnostic tools, transmission pathways, and management practices that should include 1) development of a live animal test, 2) improvement of high throughput diagnostics, 3) disinfectant development and techniques, 4) mitigation and management of infected sites, 5) management techniques to remove disease from landscape, 6) human dimension studies for prevention and management, 7) advanced techniques for surveillance, and 8) transmission pathways, including evaluating possible vectors of disease. This recommendation should be considered in close coordination with MDNR and MDARD, and their subject matter experts. The benefit of the consortium is the strength of collaboration between organizations. Some of this research can also have a regional focus, identifying similarities and differences between Michigan's landscape and that of some of our neighbors.

CWD is a disease that can affect both wild and privately-owned cervids in Michigan. Therefore, the Working Group recommended NRC work cooperatively with MDARD to assess the effectiveness and direction of the Farmed Cervidae Program, with a focus on biosecurity and CWD risk factors. The assessment should consider, but not be limited to 1) mandatory participation in the Herd Certification program for all facilities (with exemptions for Class III facilities), 2) review of program requirements for infrastructure of facilities, 3) creation of a standard manifest of the movement of live cervids, and 4) reduction on the reliance of Fish and Game funds.

A number of steps are being implemented. They have been working with the livestock sector for the last 18 months with proposed legislative changes in the Animal Industry Act, P.A. 466 of 1988, as amended. It is proposed all breeding operations be part of the Herd Certification Program and that any live deer movement in Michigan must be through permitted movement. This allows the department to know what animals are in what herd and maintain a higher degree of timely traceability. The farmed cervidae community is in support of that legislation. MDARD and MDNR will be meeting to determine how the Farmed Cervidae Program can be as efficient and effective as possible in Michigan and implement improvements to enhance that program.

With respect to harvest and removal, the Working Group recommended NRC should continue to employ statewide, science-based strategy for the regulatory framework of CWD management. Both agencies have a CWD Response Plan in place, having been amended twice since inception in 2002. It must support a sustainable wildlife population and the farmed deer industry in this state. One of the strategies the Working Group recommended is reinstatement of a portion of the 2002 CWD response plan statewide relative to the feeding and baiting of deer. The report from the minority of the group notes one member of the Working Group did not support this recommendation. They also recommended there should be consideration of the state-wide ban on the sale of agricultural commodities as deer bait. Again, there was not 100 percent consensus from the Working Group on this recommendation.

Further recommendations included that CWD surveillance and management plans need to be grounded in science, and consider social, economic, and recreational interests, based on regional prevalence of CWD. Hunters and cervid farmers should be engaged in the development of the plans. These plans will be specific for areas where the disease is prevalent, where it may be emerging, and for the remainder of the state. Management objectives should be designed for the disease, not the cervid population, and may differ based on established versus emerging infections. Plans should include 1) best management practices, 2) mechanism to expand CWD sampling protocol statewide, and harvest considerations include surveillance goals, hunting seasons and practices, management and regulatory tools, and epidemiological metrics. This is no easy task, as MDNR last year tested over 25,000 deer for CWD. Also recommended were considerations to include 1) clear deer surveillance goals where disease risk warrants and other non-traditional methods should be considered and implemented if not achieved through traditional hunting season, 2) all deer management and regulatory tools for hunting season should be considered through the lens of science-based CWD management, 3) aggressive surveillance in disease prevalent and emerging areas and optional surveillance in other areas, and 4) metrics for deer population management for disease transmission and risk reduction. This is a considerable amount to think about in attempting to address CWD.

The CWD Working Group realizes this document represents only a first step toward development of a holistic, science-based approach to deer herd health in the face of CWD. A considerable amount of work lies ahead.

Chief Mason advised MDNR is taking this disease very seriously. It occurs in 26 states and several Canadian provinces. It is considered an extensional disease since 58 percent of all license revenue to MDNR comes from the sale of deer licenses. Because CWD is a density dependent disease that is becoming a density independent, we anticipate it will be an issue in the state for the foreseeable future, if not forever. The timeline of events was reviewed, which included engaging all affected stakeholders over the last several months to capture their ideas of what represents a durable strategy. They also held 11 public meetings across the state and engaged an outside marketing firm to determine what the public and the hunting community understand about the disease. They are targeting an additional survey toward deer hunters this summer. The state's ability to control the disease will most likely occur on the fringes, with the goal of maintaining Michigan's deer hunting culture and confidence of the public. Over the next three days, NRC is meeting to discuss all aspects of the disease, including a regulatory framework for this year. At this point, other than the Working Group recommendations, no decisions have been made, so we can develop a framework that is both science-based and has support of all various customers.

Commissioner Hanson pointed out UP farmers were upset because no meetings were held in the largest UP agricultural areas of Menominee and Dickinson Counties. Chief Mason advised they are encouraging everyone to submit comments via the website. Commissioner Hanson reported deer feeding is wide spread this season in the UP, resulting in hundreds of deer in agricultural fields, and she wonders what disease implications exist as a result. Chief Mason advised this is a continuing spirited dialogue MDNR has with people in the UP in encouraging less feeding and baiting. Also, MDNR issues as many deer hunting crop damage permits as farmers are willing to use and they encourage that use.

Commissioner Montri complimented Chief Mason on facilitation of the public meetings, one of which she recently attended, and asked how to keep people engaged after the meetings. Chief Mason advised all information is shared through Gov Delivery List Serv, to which people are added as they purchase hunting licenses. Dr. Averill reminded everyone that current, comprehensive information is also available on the CWD website at [www.Michigan.gov/CWD](http://www.Michigan.gov/CWD).

In response to questions from Commissioners Kennedy and Montri, Chief Mason advised the marketing firm targeted hunters and the general public. Results indicated hunters in areas where CWD is present are concerned and very knowledgeable; however, everyone else said, "leave us alone, it is not our problem." People's understanding of the actual implications of the disease represents the significant challenge. Since last fall, numerous cases of CWD have been found in Montcalm County, as well as some in Kent County. The current total is 56 confirmed wildlife cases in Michigan, which places the state in the middle area of prevalence as compared to other states, some of which are seeing declines in deer population. Dr. Averill reported two farmed deer operations were affected, with a total of three deer being identified. There are 330 licensed farmed deer operations in Michigan. MDNR receives the licensing revenue from those operations because they control that side of the program. On an average year, MDNR spends \$300,000-400,000 in general funds on CWD. Chief Mason reported MDNR spent over \$1 million per month for deer testing last fall.

He noted hunters are wanting to blame CWD incidence on the farmed operations and the farmed deer facilities want to call out the hunting community. What the state is trying to communicate is that the cause is not important, we have a mutual problem and an opportunity to collaborate to develop strategies. Based on current NRC discussions, MDNR will bring proposed orders to the June NRC for finalization in July and any feeding and baiting recommendations would be effective in 2019.

Commissioner Montri asked that as conversations continue, both agencies advise how best the Commission can remain involved and support the work being completed. Dr. Averill confirmed that is part of the plan moving forward.

**ANIMAL HEALTH EMERGENCY PREPAREDNESS EFFORTS: James Averill, State Veterinarian and Division Director, Animal Industry Division**

Dr. Averill explained it is the responsibility of he and his staff to protect, regulate, and promote animal health for the over 35 million domestic animals known in the state. That encompasses the health of the approximate 1.15 million cattle, 1.1 million swine, 26.5 million poultry, 82,000 sheep, 22,000 goats, 88,000 horses, 2.6 million cats, and 2.4 million dogs in Michigan. Because of the world's connectedness today and dependence on just-in-time delivery of agricultural products, we are very vulnerable to and challenged by diseases happening around the world. There are several steps in place to address that challenge through our Animal Health Emergency Preparedness Program efforts.

Overarching Animal Industry Division (AID) efforts are driven by its strategic plan with the five key pillars of animal health, preparedness, innovative solutions, employee engagement and development, and customer service. Goals of preparedness include 1) continue the development of Incident Command System (ICS) management teams, 2) enhance disease/program specific preparedness plans, and 3) ensure continuity of core functions that are legally mandated or have significant impacts on our customers.

The division conducts quarterly emergency preparedness exercises and provides individual team member training. Utilization of management teams is applied during real-world responses and to fill vacancies in ICS command and general staff positions as needed.

Program specific preparedness will be enhanced in various ways, including 1) creation of an emergency management operational planning tool/template for program managers, 2) development of a Michigan-specific Food and Mouth Disease (FMD) plan within two years; and 3) programs not impacted by FMD will develop an operational plan for one of the top three diseases within three years. To ensure continuity of operations, the division continues to 1) identify core functions in each program, 2) enhance bench strength among program managers, and 3) develop field staff supply processes for acquisition, disposition, and maintenance of critical supplies.

A multi-state FMD exercise is being conducted this week. FMD affects animals with cloven hoofs, those with two toes. Despite being the most contagious animal disease, it is not a public health concern. Species affected include cattle, pigs, sheep, goats, and cervids. It can be very debilitating to the animals, taking them out of production and causing major economic hardship for the livestock sector. Normal appearing cattle can



shed the disease two-four days before displaying any clinical signs through their milk, saliva and nasal secretions, or excretions of manure and urine. Furthermore, considering the speed with which livestock move across the U.S. daily, it could be circulating for two weeks before detected. FMD can easily be spread by humans through on-road vehicles, footwear, and farm equipment. Because of this, a control zone would be established around any affected facility to ensure strict biosecurity measures are implemented.

This week, MDARD is participating in a national three-day FMD emergency exercise. Two activities are being conducted today, an industry workshop and field staff deployment. The federal government is involved, along with 14 other states. Various forms of technology are being employed. He summarized the scenario of the exercise, demonstrating how quickly an incident can become very complicated with multiple implications. Goals of the exercise include 1) increase awareness of FMD, 2) provide opportunity for AID staff to practice, and 3) identify what works and areas for improvement. In response to question from Commissioner Montri, Dr. Averill advised most of the ICS staff are AID employees to maintain continuity, and the liaison position maintains communication with all affected state agencies and stakeholders.

In summary, Dr. Averill advised the division protects, regulates, and promotes animal health so Michigan can have healthy animals, safe and wholesome products for consumers, and ensure those animals and products are here for future generations. Unfortunately, disease will always be present, and we need to be prepared.

In response to question from Commissioner Montri, Dr. Averill advised final interviews for the two Assistant State Veterinarian positions are complete and he hopes to have decisions early next week. A national search will be conducted for his replacement as State Veterinarian and he will continue in that position in the interim, along with his duties as Deputy Director for the department.

Commissioner Pridgeon noted the biggest challenge for producers is on-farm diagnosis of disease as a means of improving response time. Dr. Averill acknowledged that fact, adding there is no animal side test for FMD. If there were an outbreak, the department would be asking the industry to constantly survey their animals for anything suspicious. Commissioner Pridgeon asked MDARD to lead the industry in creating the training/awareness of how to accurately identify various animal disease symptoms.

### **RECESS AND RECONVENE**

Chairperson Kennedy recessed the meeting at 10:40 a.m. for a brief break. He reconvened the meeting at 10:49 a.m.

### **MICHIGAN DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT STRATEGIC ACTION PLANS: Ken McFarlane, Chief Deputy Director**

Chief Deputy Director McFarlane explained the department has worked extensively over the last four years to ensure the department's operations are sustainable and focused on the correct activities. MDARD is doing its best to maintain the high level of customer service it has been providing for many years, especially in consideration of numerous pending retirements and capturing that knowledge. When you consider MDARD's 85

different programs and 450 staff members, it is easy to become absorbed in the day-to-day operations without awareness of the bigger picture of long-term goals. In the spring of 2017, the department developed Strategic Actions Plans (SAPs) to focus implementation efforts on areas of most need, highest risk, and/or opportunity for breakthrough improvement over an 18-month period.

Developed in the Strategic Excellence Model, actions include key goals, resource allocation, and implementation accountability. Six SAPs were identified, one from each of the department's four key goals, as well as two additional plans within those goals. A leader was assigned to each plan who is responsible for implementation.

Under the Key Goal of Food Safety, Human and Animal Health, the first SAP is to Reduce Foodborne Illness. It is very apparent that food safety is critically important as evidenced by statistics listed within the situation statement for the plan. A pilot project was conducted with retail participants to identify key factors that influence food-borne illness and what they are doing as retailers to mitigate those. It was discovered communications are more significant than actual inspections – the quality of information that can be delivered in a timely manner. The department is developing recommendations from that compliance project to increase the communication side. Additionally, the department is increasing food inspection frequency to expand education opportunities, with the goal of 21,000 inspections per year.

Also under the Food Safety, Human and Animal Health Goal, the second SAP is to Improve Emergency Response and Preparedness, which is precisely what Dr. Averill was sharing earlier. Ensuring staff are educated and understand roles and expectations, especially in multi-jurisdictional or multi-disciplinary responses, is crucial to our effectiveness and requires continual efforts. Current progress includes mandatory ICS training for all staff before the end of this fiscal year, which is a significant task requiring numerous hours of online training. MDARD has completed 31 hot wash or after-action reports and staff augmentation has been accomplished with hiring of an Emergency Management Planner.

Under the Key Goal of Environmental Sustainability, the third SAP is to Improve Water Quality, specific to the Western Lake Erie Basin. Multiple groups are involved in the effort, requiring intense coordination with the agricultural community and various stakeholders. Numerous outreach materials are being developed and edge of field research projects are being conducted.

The fourth SAP is to Increase Value-Added Food and Agriculture in Michigan, which falls under the Key Goal of Economic Development. As demonstrated by the various projects presented to the Commission by Peter Anastor recently, progress is being made in strategically identifying and assisting in the growth of value-added food processing in Michigan. The Value-Added Program grants were announced in January, the Food and Agriculture Investment Program grants are ongoing, and the department is working with the Michigan Department of Economic Development (MEDC) to consider value-added sites across the state.

Under the Key Goal of Efficient Effective Government, there are two SAPs. One plan is Customer Satisfaction, for which MDARD has had a reputation as a department in providing a high level of customer service. Pesticide and Plant Pest Management Division Director Gina Alessandri is lead for this plan. MDARD wants to verify this reputation and continue best practices with new employees moving forward. MDARD joined the Governor's Office of Good Government Customer Service Pilot Project, and working with a consultant, developed multiple methods of surveying our customers. Each of the six divisions has chosen one program for the pilot, and by the end of this month, results will be presented. A significant consideration is to sustain capturing this data from our customers on a consistent basis.

The final plan is Data Management Systems to Support Business Process. We need information technology systems that will serve us well for the present and into the future without monumental effort for upgrades. As learned from the Accela licensing inspection consolidation, identifying methodology is critical. We have developed a methodology to better approach prioritizing what work needs to be considered first, conducting a Lean Process Improvement (LPI) of that work, partnering with the Department of Technology, Management and Budget (DTMB) on the business requirements, determining how the solution is developed, and improving project management coordination. Five programs are currently following this distinct process. A considerable amount of LPI and Request for Proposals (RFP) business development requirements work is being conducted, and by August, we should be in the procurement phase for a new licensing portal, as well as nursery, food, and dairy inspection systems. With dairy inspection being the highest priority, the target is to have that implemented by the end of the calendar year, along with the licensing portal being built. An inventory of all 85 departmental programs, the over 40 licensing and inspections systems, and over 100 different tracking or database systems has been completed and risk elements are being applied. This plan is being led by George Noonan, from the Office of Organizational Innovation, and Craig VanBuren, Laboratory Division Director.

The most import element is accountability – it is not enough to have plans, we must implement and hold ourselves accountable. Each month, one of the Key Goals is targeted with SAP status reports presented to the Leadership Team. Those reports are also available on MDARD's intranet for review by all staff. An 18-month window was established, with results due September 2018. At that time, the department will evaluate success and establish the next round of SAPs for 2018-2020. This timing will allow the next Governor's Administration to offer suggestions for any changes.

### **MICHIGAN TREE FRUIT COMMISSION UPDATE: Jim Nugent, President, Michigan Tree Fruit Commission**

Mr. Nugent advised the Tree Fruit Commission is in its fourth year of operation. In 2013, Dean of the MSU College of Agriculture and Natural Resources established a committee to consider management of the four MSU Fruit Research Stations, with intent to close the Clarksville Station. During the process, it was discovered the perceived overlap in research did not exist and there was a need for each of the stations. However, the operating dollars for those stations had been reduced by over 50 percent. Orchards were not in place and infrastructure needs were evident.

In response, a new paradigm was proposed to the industry, which led to the development of the Tree Fruit Commission, organized under Public Act 232. They felt if the industry stepped up, then the Legislature would follow with additional funding. The industry has raised about \$600,000 per year to focus on infrastructure and faculty. Through the Legislature, they received \$500,000 each for year two and three, and \$1.5 million for this past year. Because a partnership was critical, Director Clover Adams worked closely with the Commission, and Michigan Farm Bureau (MFB) was a great supporter as well. The Commission has also been successful in receiving Specialty Crop Block grants to complete upgrades to the Enviroweather system.

During the first three years, approximately \$3 million in total was raised. Expenditures have gone primarily to the Research Stations for new equipment, upgrading laboratories, deer fence construction, and tree fruit plantings. They have also invested in people by helping MSU with start-up packages for new key faculty staff members, as well as salary assistance to reestablish a horticulture position in west central Michigan. And, with very little funds, they have been able to allow Extension staff and researchers to apply for Professional Development Funds, providing them with cutting-edge knowledge in tree fruit production. The Commission also approached the agri-business community for potential donations. This has been very successful, accelerated by the donation of a sprayer from a dealer in Traverse City.

One unique aspect is the Commission decided to accomplish their task without hiring an Executive Director, which was facilitated by already having Cherry and Apple Committee executive directors, along with the MSU Horticulture Society and MFB's Michigan Agricultural Cooperative Marketing Association (MACMA) being supportive. These factors helped in having total overhead costs in the first three years of only two-thirds of one percent of the funds collected.

It has been an exciting and successful program. At the end of year five, a decision regarding future plans will be made. The Tree Fruit Commission would not have worked without the partnership provided by MDARD, which really made it possible.

In response to questions from Commissioner Kennedy, Mr. Nugent advised the assessment is on a product weight basis as already established by the various industries. Enviroweather is a network of electronic weather stations across the state, which drive many crucial insect, disease, and plant development models used by the industry on a daily basis.

**CONSORTIUM OF ADVANCED NETWORKS: Therese Empie, Strategy Advisor, Office of Governor Rick Snyder; and Peter Anastor, Division Director, Agriculture Development Division**

Mr. Anastor advised he represents the department on the Governor-initiated Michigan Consortium of Advanced Networks (MCAN) initiative. MCAN is about half way through its planned meetings, with the goal of issuing a recommendation report by August 1 focusing on how access to and adoption of broadband can be expanded, particularly in our rural and underserved areas in Michigan.

Ms. Empie advised she is aware rural broadband is especially important to Michigan's agricultural and rural development communities. It is an important cornerstone to the Governor's Infrastructure Initiative and grew out of the 21 Century Infrastructure Commission that began in March 2016. That Commission considered what needs to be done in the State of Michigan in the next 30-50 years to have a 21<sup>st</sup> century smart state infrastructure, including drinking, storm and waste water, transportation, energy, and communications. A 200-page report was developed and is available on the website [www.MlinfrastructureCommission.com](http://www.MlinfrastructureCommission.com), as well as a seven-page Executive Summary. Part of what this Commission considered was broadband access and adoption, understanding it is a cornerstone to a healthy, safe, and economically prosperous community and state. They recommended the formation of MCAN to delve into those considerations.

The Governor announced MCAN in January this year, with members representing business, agriculture, education, and six state agencies. Two subgroups of over 65 people were convened to advise and provide recommendations by August 1, and tentative recommendations have already been created. Five listening tour events across Michigan are being held to gather information from a diverse array of stakeholders. Information on dates and location will be shared with the Commissioners, and hopefully, they can attend one of the sessions, as well as encourage others to participate and offer input on the tentative recommendations.

MCAN is considering both providing access to the internet for those rural and underserved communities, as well as adoption, which includes affordability, digital literacy, hardware availability, and awareness of broadband's impacts. MCAN is looking at a true roadmap to obtain 100 percent available access, with over 90 percent of individuals connected.

She reviewed a map depicting broadband access across the state. Five years ago, the Federal Communications Commission was considering a 3 Mbps download speed and fractions of that for upload speed. Now they are moving to 25 Mbps/3 Mbps speeds. In terms of base service, there are a considerable number of households unserved at even the 10 Mbps/1 Mbps service level. Some of those areas are in the UP, and some are just 20 minutes outside of Lansing – unserved areas exist everywhere in the state.

MCAN has established guiding principles to measure success. They are discussing how to expand access to fixed broadband service at a speed of at least 10/1 Mbps to all unserved residents and businesses by 2022, and to achieve future connectivity of speeds at 25/3 Mbps or more by 2026. A large part of that goal is considering barriers to residences, businesses, and institutions for adoption – you can build out to a community, but if people are not actually taking advantage and paying for that service, it collapses. Bringing community anchor institutions online quickly is paramount. Key to success is promotion of coordination, cooperation, and communication between private and public stakeholders. Utilizing existing and emerging funding sources is important to more effectively leverage a variety of public and private financing resources. They also plan to embrace all technologies, visionary planning principles, and innovative approaches to ensure high levels of broadband service.

MCAN recommendation areas are focused on availability in unserved areas. They are also looking at policy and regulatory barriers to determine what can be done to create a better environment for broadband access and adoption. Ways to promote broadband adoption are being developed, as well as ways to help communities with technical assistance and capacity building.

Mr. Anastor added discussions around funding to help launch the initiative have been ongoing. The department is integrally involved in specifics of funding use and how grants can benefit the process to ensure rural initiatives remain at the forefront.

Ms. Empie advised there is a placeholder in the Senate Budget for the Broadband Grant Program and their hope is for \$19 million. They are currently working with the Legislature to appropriate those funds.

Commissioner Montri inquired about the future of MCAN efforts considering the upcoming change in Administration. Ms. Empie advised assignments are being made to each recommendation area to ensure the torch is carried forward for the continuous improvement of broadband across the entire state.

Commissioner Kennedy asked if there are maps to depict the progress in coverage over the last few years. Ms. Empie advised they would forward that information to the Commission and noted those maps will demonstrate a significant improvement.

**FOOD AND AGRICULTURE INVESTMENT FUND REQUESTS: Peter Anastor, Division Director, Agriculture Development Division**

Mr. Anastor advised he is presenting four Food and Agriculture Investment Fund projects to the Commission for approval today and representatives from each are here to share information about their specific endeavors.

He introduced Eric Lambert, Chief Financial Officer for Peterson Farms. Mr. Lambert reported Peterson Farms is a large fruit processor, including fresh apples for McDonald's and schools. Another considerable component of their business is individual quick frozen (IQF) processing for tart and sweet cherries, peaches, blueberries, and apples.

Established in 1984, Peterson Farms supports a network of 850 growers, with 550 of those in Michigan. The IQF tunnel being planned would be their fourth and will support primarily the 140 cherry growers and 140 blueberry producers in the state. Because the state's IQF capacity has been substantially reduced through closing of the IQF tunnels at Cherry Growers and Coloma Frozen Foods, it is important this project move forward to provide this capacity. It represents a significant opportunity for the fruit trade they support. Over 70 percent of their volume is purchased from Michigan. The project will be approximately \$6 million and 30-35 jobs will be created. They believe it is an important project, not only for Peterson Farms, but for the fruit trade in Michigan.

Commissioner Montri asked why the IQF tunnels at Cherry Growers and Coloma closed in light of needing increased processing capacity in Michigan. Mr. Lambert advised it was a question of quality of operations and the economics of processing. The Food Safety Modernization Act (FSMA) is also a huge component for operations. Peterson

Farms is audited 80 times each year and their quality inspection process is of upmost importance to their operations and represents a significant investment.

In response to question from Commissioner Kennedy, Mr. Lambert confirmed they expect the percentage of Michigan fruit processed by Peterson Farms will continue to elevate.

Mr. Anastor advised the recommendation today is for a performance-based grant of \$150,000 for Peterson Farms, Inc. From a supply chain perspective, this project is imperative to maintain stability of the grower base, provide processing capacity for growers who have displaced fruit, and preserve the growers capability to receive a higher return on product. Although the company is working with local and state economic development officials, no other support has been committed.

**MOTION: COMMISSIONER PRIDGEON MOVED TO APPROVE A PERFORMANCE-BASED GRANT OF \$150,000 FOR PETERSON FARMS, INC. COMMISSIONER HANSON SECONDED. MOTION CARRIED.**

Mr. Anastor introduced Fred Kreger, Vice President and General Manager, and Kyle Tannheimer, Sales Manager, for VernDale Products, a family-owned business in the City of Detroit. Operating since 1958, they manufacture roller-dried milk powder and are one of the largest suppliers of that product in the North American confectionary industry.

Mr. Kreger expressed thanks to MDARD's Terri Barker, who helped bring this project to this point. Due to growth in their business, they opened a second manufacturing facility in 2014 that allows them to process another 80 million pounds of Michigan milk. In order to attract new business, it became apparent the old plant needed to be updated to a state-of-the-art facility. Once complete, they will be able to better serve Michigan's dairy industry by smoothing out Michigan's milk supply and demand fluctuations, including fresh, distressed, and surplus milk. FSMA and the Global Food Safety Initiative add complexity and cost to all agricultural businesses and it is important to meet those standards.

In response to questions from Commissioner Montri, Mr. Tannheimer explained the process of roller-dried milk provides a unique taste characteristic that chocolate manufacturers prefer. VernDale is the only processing facility in the U.S. providing that product and 90 percent of their sales are to the large chocolate manufacturer; and they supply numerous small specialty businesses as well. They also perform some condensing capacity in their new plant for larger coops and are expanding to supply product to premium pet food manufacturers.

Mr. Anastor advised MDARD recommends a performance-based grant of \$100,000 for VernDale Products, Inc.

**MOTION: COMMISSIONER MONTRI MOVED TO APPROVE A PERFORMANCE-BASED GRANT OF \$100,000 FOR VERNDALÉ PRODUCTS, INC. COMMISSIONER PRIDGEON SECONDED. MOTION CARRIED.**

Mr. Anastor introduced Caitlin James, the Co-Founder and CEO of Panther James, LLC, doing business as DROUGHT, which manufactures fresh-pressed juice in southeast Michigan. Because of demand, they are expanding into a much larger facility.

Ms. James reported she co-owns the business with her three sisters, which began in the fall of 2010 from a desire to add healthful value to their lives and provide to others a healthy variety of premium juice options. Through a kick-starter campaign, they were able to begin their business. Several years were spent developing the business and meeting regulatory requirements, which has evolved into the business they have today. Currently, they source, manufacture, sell, and distribute all of their product, which is 100 percent certified organic, unpasteurized juices. They are moving into High Pressure Processing (HHP) of juice and have both a direct-to-consumer outlet and a wholesale avenue. They have been mentored by the family that formerly owned Garden Fresh, who have helped professionalize and grow their business, as well as clarify the important regulatory and safety requirements. They reached a point where the demand was there, but they could not increase production in their current facility. Over 70 percent of their fruits and vegetables come from a variety of Michigan certified organic farms and an HHP facility in Taylor, Michigan, is helping to process some of that product for them. Their project entails upgrading to a 15,000 square foot space, with 10,000 of that being refrigerated production. Offices, warehousing, and a direct-to-consumer component will also be located in that space. In addition to refrigeration, for the first time, they will have automated washing of produce and plan to add a bottling line. The opportunity in moving to the new space is not only to service the stores in the greater metro Detroit area, but to grow their wholesale line that moves beyond the local area.

In response to question from Commissioner Montri, Mr. Anastor confirmed the HHP facility in Taylor, Michigan, was also supported by a Food and Agriculture Investment Fund grant. And the department is excited about the connectivity between the two companies.

Commissioner Kennedy asked about their growth projections. Ms. James advised they expect to grow by at least 60 percent within the next 12 months. Without the space and automation the new plant will provide, they would have not been able to expand at all. They are developing a distribution component, with accounts waiting in the wings.

In response to question from Commissioner Montri, Ms. James advised they have had some discussions with schools; but, because their product is certified organic and has no water added, it is more expensive than institutions are comfortable paying. However, with the new equipment, products to meet specific customer needs can be developed and they look forward to those types of opportunities.

Mr. Anastor reported part of what the Food and Agriculture Investment Fund Program attempts to accomplish is accelerating the growth potential of a company such as this. He advised the department recommends a Food and Agriculture Investment Fund performance-based grant of \$50,000 for Panther James, LLC, DBA DROUGHT.

**MOTION: COMMISSIONER HANSON MOVED TO APPROVE A PERFORMANCE-BASED GRANT OF \$50,000 FOR PANTHER JAMES, LLC,**



**DBA DROUGHT. COMMISSIONER KENNEDY SECONDED. MOTION CARRIED.**

Mr. Anastor advised Excel Ag Solutions is a seed company attempting to grow into a full-service provider. He introduced Co-Owners Dave Mumby and Alvie Wahl.

Mr. Mumby reported Mendon Seed Growers was founded in 1979 by his father and four other farmers to add value-added product to their farms. He and his wife acquired the company in 1999. They have been growing contract production seed corn in St. Joseph County for the smaller companies. There are many small seed companies operating today, and the two major producers actually control only 55 percent of the market. The water, climate, and soils have driven the business in the area. Mendon Seed always wanted to expand from just growing to finishing the process. With Alvie Wahl, Excel Ag Solutions was created to add the services of bagging, warehousing, and distribution to that of seed production. It will solidify the value of the 12 growers who produce for Mendon Seed Growers, creating improved direct business relationships. The new operation will provide the desired services of seed corn cleaning, sizing, treatment, bagging, warehousing, and distribution in a renovated warehouse in Sturgis, Michigan. These services can save producers up to one dollar per bushel, creating funds for them to reinvest in their businesses.

Referring to irrigation and water in that area of the state and recent conversation regarding water use withdrawal legislation, Commissioner Montri asked how that will impact their business. Mr. Mumby advised it is a very important issue for them. The land on which they grow seed corn is sandy and works well for seed corn; but, without water, there would be no seed corn industry in St. Joseph County. It is important to work through some of the issues of the legislation that result from the Water Use Model, which is not perfect. We need to work through the process of getting new wells down without harming our neighbors. He is part of a group conducting ground water studies, which are revealing there is more water in the county than originally thought, which will allow the industry to thrive.

Mr. Anastor reported Excel Ag Solutions is investing \$3 million for a facility that had been on his radar for years as an economic developer, and to see that being repurposed is another benefit of this project. The department recommends a Food and Agriculture Investment Fund performance-based grant of \$50,000 for Excel Ag Solutions.

**MOTION: COMMISSIONER HANSON MOVED TO APPROVE A PERFORMANCE-BASED GRANT OF \$50,000 FOR EXCEL AG SOLUTIONS. COMMISSIONER PRIDGEON SECONDED. MOTION CARRIED.**

Mr. Anastor thanked Terri Barker and Jodi Gruner from his team, who complete a majority of the work required to bring companies to this point.

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

Mr. Blakely reported it is an interesting time as the Legislature enters into Lame Duck sessions; and because everyone has ideas on various legislation they want completed, bills are being introduced quickly.

The Senate Hearing on House Bill 4438 was postponed to next week. It would allow portable toilets that accommodate workers to be placed on trailers and moved within fields or down the road to another field. The Michigan Department of Environmental Quality (MDEQ) does have some concerns moving waste down a roadway. The department is working with MDEQ and the Legislature to address those concerns, because it will be a useful tool overall for producers and one that MFB requested.

Many priority bills for the department have been signed into law and are noted on the report provided to the Commissioners.

Legislation still in progress includes House Bill 5724, which would require food service establishments post any use of latex gloves, a known allergen. The department is working instead on updating educational opportunities for food establishments regarding the use of latex, as well as alternatives available.

House Bills 5770-5772 are attempts to address CWD. MDARD is lead on 5770, which would eliminate the importation of cervids for captive cervid facilities. As Dr. Averill indicated, we are working on a rewrite of the Animal Industry Act and updates within that would address that same issue through mandatory tagging of all cervids, along with required notification of movement. The other two bills include initiating a voluntary CWD research fund through hunting license purchases and requiring captive cervid facilities install double fencing. MDARD is working with both the captive cervid and sportsmen industries to address these issues, but more importantly, the issue of CWD.

Other bills on the verge of moving through committees include House Bill 5778 addressing the breeding of large carnivores at zoos. Discussion includes who would qualify and who would regulate the program.

House Bills 5916-17 attempt to ban local units of government from being able to enact ordinances eliminating pet shops. This is an effort to eliminate large-scale breeding and puppy mills. The department is working through some concerns with the legislation.

The rewrite of P.A. 466 will require significant effort, with intent to have it introduced and a committee hearing prior to summer break. The workgroup will meet to ensure all parties agree to the language presented.

The recreational marijuana effort has obtained sufficient signatures to be placed on the November ballot, or the Legislature can act within 40 days. There are some agricultural concerns, not only with the production and growing of the plants, but the inclusion in food products. MDARD teams are working on the issues to be helpful with the conversations going forward.

In response to question from Commissioner Montri, Mr. Blakely advised the bear ranch in the UP is hoping to be included in the large carnivore legislation. However, with his

understanding of the legislation, they most likely could not meet the qualifications for breeding.

### **PUBLIC COMMENT**

No public comment on non-agenda items was requested.

### **ADJOURN**

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

There being no further business, the meeting adjourned at 12:36 p.m.

#### Attachments:

- A) *Agenda*
- B) *Agriculture and Rural Development Commission Meeting Minutes March 21, 2018*
- C) *Retirement Resolutions for Harlan Stoin and Jon Schiavo*
- D) *Director Gordon Wenk – Issues of Interest Report*
- E) *CWD Working Group Recommendations Presentation*
- F) *Michigan’s Chronic Wasting Disease Working Group Recommendations Report*
- G) *Animal Health Emergency Preparedness Efforts Presentation*
- H) *MDARD Strategic Action Plans Presentation*
- I) *Michigan Tree Fruit Commission 2017 Legislative Report*
- J) *Michigan Consortium of Advanced Networks Presentation*
- K) *Briefing Memos – Excel Ag Solutions; Panther James, LLC, DBA DROUGHT; VernDale Products, Inc.; and Peterson Farms, Inc. – Food and Agriculture Investment Fund Project Requests*
- L) *Legislative Status – May 2018*