

MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT

Radisson Hotel Lansing at the Capitol
Capitol I Conference Room
111 N Grand Ave
Lansing, Michigan 48933

and

Remote Technology via Microsoft Teams
Dial: 1-248-509-0316, Conference ID 513 269 9#

MEETING MINUTES July 20, 2022

PRESENT:

Charlie Meintz, Chair, Michigan Commission of Agriculture and Rural Development
Andy Chae, Vice Chair, Michigan Commission of Agriculture and Rural Development
Patricia Bergdahl, Secretary, Michigan Commission of Agriculture and Rural Development
Juliette King-McAvoy, Michigan Commission of Agriculture and Rural Development
Monica Wyant, Michigan Commission of Agriculture and Rural Development
Gary McDowell, Director, Michigan Department of Agriculture and Rural Development

CALL TO ORDER AND ROLL CALL

Chair Meintz called the meeting of the Commission of Agriculture and Rural Development to order at 1:12 p.m. on July 20, 2022. Roll call was taken with Chair Meintz, Commissioners Bergdahl, Chae, King-McAvoy, Meintz, Wyant, and Director McDowell announcing themselves as present.

APPROVAL OF AGENDA

MOTION: COMMISSIONER BERGDAHL MOVED TO APPROVE THE MEETING AGENDA FOR JULY 20, 2022. SECONDED BY COMMISSIONER WYANT. MOTION CARRIED.

APPROVAL OF MAY 18, 2022, MEETING MINUTES

MOTION: COMMISSIONER KING-MCAVOY MOVED TO APPROVE THE MAY 18, 2022, MEETING MINUTES. SECONDED BY COMMISSIONER BERGDAHL. MOTION CARRIED.

NEXT SCHEDULED MEETING

The next scheduled meeting is September 14, 2022, at AgroLiquid in St. Johns.

COMMISSIONER COMMENTS AND TRAVEL

Commissioners shared information relative to their farm operations, as well as agriculture in their respective areas.

Commissioner Wyant thanked the Commissioners and Director McDowell for joining her on a tour of the Meijer Distribution Centers in Lansing, prior to today's meeting. The tour was a nice opportunity to showcase how Meijer works with local farmers to bring their products to market.

Commissioner King-McAvoy noted cherry processor challenges due to short timeframe to process cherries, shortage of harvesting labor and truck drivers, higher cost of sugar, fuel, and plastic pails. These factors translate to a stressful harvest period, but she's confident the harvest will be successful and hopeful to return good prices to the growers.

Commissioner Bergdahl attended a meeting with Michigan State University at Bay College last week. The college will be offering a two-year Forestry Tech Program. Students will receive a certificate upon completion. The college is hoping to attract students who wanting to stay in the Upper Peninsula area upon certification.

Commissioners Bergdahl, Chae, King-McAvoy, Meintz, and Wyant traveled to attend today's meeting. There was no other travel submitted for approval.

MOTION: COMMISSIONER KING-MCAVOY MOVED TO APPROVE THE COMMISSIONERS' TRAVEL. SECONDED BY COMMISSIONER WYANT. MOTION CARRIED.

COMMISSIONER ISSUES

Commissioner Wyant shared retirement resolutions before the Commission, recognizing Stan Kuchta and Mark Swartz.

Mr. Kuchta was able to attend the meeting remotely and share some of his favorite experiences during his career, as well as upcoming retirement plans.

Director McDowell thanked Mr. Kuchta for his years of service to the department and the state and congratulated him on his retirement.

The Commissioners acknowledged and thanked Stan and Mark for their career and lifetime investments.

MOTION: COMMISSIONER CHAE MOVED THE RESOLUTIONS FOR STAN KUCHTA AND MARK SWARTZ BE ADOPTED. COMMISSIONER KING-MCAVOY SECONDED. MOTION CARRIED.

DIRECTOR'S REPORT

Director McDowell introduced Deputy Director, Kathy Angerer, who joined the department on July 18. Deputy Director Angerer comes to the department from the City of Hamtramck, where she most recently served as their City Manager, working closely with residents and businesses to create a vibrant, growing community. She also served six years as a State Representative with the Michigan House of Representatives, serving as Majority Floor Leader during her final term and chairing several committees while working with the administration and fellow legislators on issues of importance to our state. Deputy Director Angerer greeted the Commissioners, noted the remarkable

staff she has met already, and looks forward to the opportunity to work for the department.

Director McDowell announced the Fiscal Year 2023 proposed budget for MDARD includes support for the department's key priorities and initiatives, noting the support received from Administration and Legislature as a direct reflection of the great work staff performs each day

He also shared MDARD recently awarded over \$1.7 million in Value-Added and Regional Food System grants to 18 Michigan producers, processors, and community development organizations. These grants are designed to help retain, expand, attract, or develop agricultural processing in the state through targeted investments in technology and equipment, feasibility studies, healthy food access, regional food systems, and urban agriculture. Later this month, MDARD will formally announce the new Farm Innovation grant program, which is designed to help develop and support innovative solutions to real, immediate, and future problems facing Michigan's food and agricultural industry. Proposals will be accepted around the priority areas of climate smart practices, supply chain resilience, food processing and farm production automation, and rural resiliency, as well as an opportunity for other project submissions.

Director McDowell shared various meetings and events he has been attending during the past couple of months, including The Finland Inbound Trade Mission, May 16-18; Office of Rural Development Stakeholder meetings throughout May and June; the Mackinac Policy Conference, May 3-June 2; an MDARD Gas Inspection Event on June 16; the MASDA Meeting in Chicago, June 27-29; and the Cherry Festival in Traverse City on July 7. Commissioner King-McAvoy also participated in the orchard tours during the Cherry Festival.

Director McDowell also participated in a meeting on July 11 with executives from the 232 and other legislatively established commodity groups; a meeting on July 12 with the Department of Environment, Great Lakes, and Energy and the Michigan Agri-Business Association; and a 2023 Farm Bill discussion with Senator Stabenow's staff on July 14. He has also attended several food and agricultural business tours.

Director McDowell recounted a visit from President Biden to Commissioner King-McAvoy's farm, King Orchards, last summer. He and Commissioner King-McAvoy were very impressed with President Biden's sincere interactions and conversations with migrant workers and their children during his visit.

Commissioner King-McAvoy thanked Director McDowell for his visits to Northern Michigan and shedding light on specialty crops. Chair Meintz thanked Director McDowell for visiting across Michigan and for his efforts to promote and expand the agriculture industry.

PUBLIC COMMENT (AGENDA ITEMS ONLY)

There was no public comment relative to agenda items.

MICHIGAN AGRICULTURE ENVIRONMENTAL ASSURANCE PROGRAM (MAEAP) STANDARDS – INTRODUCTION OF 2023 STANDARDS: Jim Johnson, Division Director, and Joe Kelpinski, MAEAP Manager, Environmental Stewardship Division

Mr. Johnson noted the Commission has the statutory responsibility to annually approve the MAEAP Standards. Today's purpose is to introduce recommended changes. The Commission will have the next two months to review and formulate any questions for discussion during the September Commission meeting. Any questions in the meantime can be directed to Mr. Kelpinski.

Mr. Kelpinski indicated new proposed funding legislation may change the review and approval cycle to every other year.

With no issues being identified this past year, there are no recommended changes for the 2023 standards. However, seven of the A*Syst tools have been combined into one standard A*Syst tool. The consolidation will result in cost savings by significantly reducing staff time to update the various documents, as well as saving approximately \$25,000 to print the documents. The consolidation will also eliminate waste by reducing the large number of unused documents recycled at the end of each year.

Development of the new MAEAP database focused on how to identify specific practices producers are implementing to become MAEAP verified. Partners need this information to determine how they can continue to assist producers. Sustainability and growth of the program relies on being able to better assist and serve the producers.

Combining the seven A*Syst tools has been a goal for several years and made sense to complete now, along with the development of the new MAEAP database. Mr. Kelpinski acknowledged MAEAP staff, Josh Appleby and Heather Casteel, for the many hours they dedicated to reviewing the seven tools, eliminating hundreds of duplicate questions, and combining all of the information into one document. The final document, the Farmstead Assessment, combines seven of the A*Systs into one document.

In response to inquiries from Commissioner King-McAvoy, Mr. Kelpinski indicated the new MAEAP database can be filtered to provide customized reports containing specific data for individual commodity groups. The reports provide data such as types of acres and practices implemented, but they do not include personal producer information. Mr. Kelpinski assured all producer information is confidential.

In response to inquiry from Commissioner King-McAvoy, Mr. Kelpinski indicated the database captures NRCS standards for implementing water quality practices. Work is also being conducted with partners to obtain grants for projects focused on carbon neutrality and carbon reduction. Future A*Syst tools may include recognized practices specific to carbon reduction.

Chair Meintz expressed concern with the type of information being provided and types of organizations requesting the information. Mr. Kelpinski explained most of the interest comes from commodity groups. They are interested in the progress farmers are making towards sustainability and improving water quality throughout the years. The information is not specific to individual farms.

The Forest, Wetlands & Habitat System will not be combined with the new Farmstead Assessment tool.

GENERALLY ACCEPTED PROCESSING PRACTICES (GAPPS) – INTRODUCTION OF PROPOSED REVISIONS: Jim Johnson, Division Director, Environmental Stewardship Division

Mr. Johnson advised the Commission is statutorily required to annually approve the Generally Accepted Fruit, Vegetables, Dairy, Meat, and Grain Processing Practices for Noise and Odor (GAPP) as dictated by the Legislature in 1998. Practices were developed specifically around noise and odor related issues to protect food processing operations from nuisance lawsuits. However, the GAPPs do not provide as much protection as the Right to Farm Generally Accepted Agricultural and Management Practices where there are other laws exempting farming operations from the protection of noise and odor issues. The review process for complaints is treated the same for a facility in a rural area and for a facility in an urban area.

In response to Commissioner Chae's inquiry, Mr. Johnson advised the committee that formed the GAPPs was comprised of representatives from the industry, universities, and government agencies. For instances that are not clearly covered under the current GAPPs, engineer staff research standards in the industry in other states.

As indicated in the materials provided to the Commission, there are no changes recommended for the 2023 practices. The Commission will have the next two months to review and formulate any questions, and they will be presented for approval during the September meeting.

FOOD AND AGRICULTURE INVESTMENT FUND REQUEST: Jamie Zmitko-Somers, Division Director, Agriculture Development Division

Ms. Zmitko-Somers advised two Food and Agriculture Investment Program project requests are being presented for Commission consideration today.

The first project is Ethel's Baking Company, a premium producer of gluten-free dessert bars found in the fresh bakery sections of more than 350 stores in Michigan and across the Midwest. The company was founded in 2011 and has experienced substantial growth over the last decade. Ethel's is planning to add equipment and machinery to its current building in Shelby Township, enhancing baking capacity to meet increasing demand.

Co-Owner, Vince Bommarito, shared details around their \$1.2 million investment. New equipment will help automate their baking process, increase safety, reduce ergonomic issues, and allow the company to begin producing cookies. Workers will transition from manual labor and become trained as machine operators.

Ethel's is committed to Michigan production agriculture. Their largest raw material, butter, is procured from Michigan Milk Producers Association. Annual purchases in 2022 are expected to be 210,000 pounds and forecasts for 2023 are expected to be 305,000 pounds of butter.

Following questions around the project, Ms. Zmitko-Somers advised MDARD is recommending a Food and Agriculture Investment Fund performance-based grant of \$60,000 for Ethel's Baking Company.

MOTION: COMMISSIONER KING-MCAVOY MOVED TO APPROVE A FOOD AND AGRICULTURE INVESTMENT FUND PERFORMANCE-BASED GRANT OF \$60,000 FOR ETHEL'S BAKING COMPANY. COMMISSIONER WYANT SECONDED. MOTION CARRIED.

Ms. Zmitko-Somers advised the second request is Pop Daddy Popcorn, homemade popcorn that began in the Sarafa family kitchen popping Ruby Red popcorn kernels sourced from Ann Arbor. In 2010, the Sarafas decided to start a small business. Pop Daddy Popcorn has continued to grow, adding seasoned pretzels to their product line, and exporting to Canada and Europe.

Owner, Mark Sarafa, shared the history of Pop Daddy Popcorn and details around the \$1.5 million investment. Equipment will be added and incorporated into two existing manufacturing lines, including a seasoning system and three additional corn popping kettles. Two new manufacturing lines will also be added allowing seasoning and packaging of popcorn and pretzels from beginning to end. The company purchases the Ruby Red kernels from Michigan growers. Purchases have increased 50 percent year-over-year and are expected to increase from 168,000 pounds in 2022 to 300,000 in 2023.

Following questions around the project, Ms. Zmitko-Somers advised MDARD is recommending a Food and Agriculture Investment Fund performance-based grant of \$65,000 for Pop Daddy Popcorn.

MOTION: COMMISSIONER CHAE MOVED TO APPROVE A FOOD AND AGRICULTURE INVESTMENT FUND PERFORMANCE-BASED GRANT OF \$65,000 FOR POP DADDY POPCORN. COMMISSIONER KING-MCAVOY SECONDED. MOTION CARRIED.

Ms. Zmitko-Somers advised there will not be any projects in September due to the fiscal year-end closing.

UPDATE ON MIGRANT LABOR HOUSING ADVISORY BOARD RECOMMENDATIONS:
Jim Johnson, Division Director, Environmental Stewardship Division

Mr. Johnson provided background on the importance of migrant labor in Michigan. There are over 300 commodities grown in Michigan that rely on migrant labor for harvesting. Two-three dozen of the commodities must be hand-harvested. Every year, approximately, 92,000 migrants and families come to Michigan. The department annually inspects and licenses housing for nearly 27,000 migrants in Michigan. The authority to inspect and license housing is provided under Public Health Code, Part 124.

Part 124 also gives the department director the authority to name an advisory board to identify and assist with issues in the migrant community. Working with the Governor's Office, a 14 member advisory board of subject matter experts was identified in the spring of 2021. The board consists of representation from migrant advocacy, farm

organizations, health organizations, and migrants. In April 2022, the board produced a report of five recommendations meant to improve conditions for migrants and continue to attract migrant labor. The recommendations include investment in housing; provision of housing designs; siting and zoning education; increase in broadband; and community access and relations.

Director McDowell reiterated the importance of migrant labor for Michigan agriculture. The next steps include moving the recommendations report to the Governor's Office for review. The committee will continue to work on other issues they have identified.

In response to Commissioner Chae's inquiry, Mr. Johnson explained the zoning obstacles are within townships that establish setbacks, minimum square feet and density requirements that in essence prevent the construction or improvement of migrant housing. Often, farmers are unable to replace old housing due to new restrictive zoning.

BUDGET UPDATE: Sylvia Renteria, Director of Finance and Budget

Ms. Renteria provided an update on the Fiscal Year (FY) 2023 budget process. She announced the Governor signed HB 5783 earlier in the day which officially enacts the FY 2023 budget, beginning on October 1, 2022. The total State budget is \$76 billion, an historical high for Michigan. There is an additional \$7 billion still on the table to be allocated.

Ms. Renteria provided a comparison of the FY 2022 and the FY 2023 budget. MDARD was appropriated \$187,715,100, a 21 percent increase over FY 2022. She reviewed the one-time and ongoing investments for FY 2023, federal and technical adjustments, and provided an update on the supplemental bills.

Ms. Renteria advised the hard work begins now to ensure good use is made of the one-time investment dollars.

LEGISLATIVE UPDATE: Ashley Steffen, Director of Policy Development and Legislative Affairs

Ms. Steffen advised the Legislature is on summer recess until September. Prior to recessing, several MDARD bills were signed into law, including seven bills in the Certificate of Free Sales Package; a package of bills updating provisions in the Dog Law and Dangerous Animals Act; and HB 4842, providing a discount paid to the Michigan Control Commission to craft distillers who use 40 percent of Michigan grown products in their distillate.

Ms. Steffen referred to the MDARD Legislative Update provided to the Commissioners and reviewed other status and activity around bills of interest to the department.

PUBLIC COMMENT

Mr. Bob Pena, Commissioner for District 10 (East side of Lansing, including a portion of Lansing Township and East Lansing) thanked the Commission for the work being done to address issues and improve conditions for migrant workers. Mr. Pena spoke as a representative of urban agriculture. He expressed members of the community had a desire to raise small livestock within their townships and asked the Commission to support urban agriculture.

ADJOURN

MOTION: COMMISSIONER KING-MCAVOY MOVED TO ADJOURN THE MEETING. COMMISSIONER CHAE SECONDED. MOTION CARRIED.

There being no further business, the meeting adjourned at 3:46 P.M.

Attachments:

- A) *Agenda*
- B) *Agriculture and Rural Development Commission Meeting Minutes May 18, 2022*
- C) *Retirement Resolutions Honoring Mark Swartz and Stan Kuchta*
- D) *Generally Accepted Fruit, Vegetables, Dairy, Meat, and Grain Processing Practices for Noise and Odor*
- E) *Food and Agriculture Investment Program Project Briefing Memos:*
 - a. *Ethel's Baking Company*
 - b. *Pop Daddy Popcorn*
- F) *Migrant Labor Housing Advisory Board 2022 Recommendations Report, April 29, 2022*
- G) *MDARD Budget Update Presentation – July 20, 2022*
- H) *MDARD Summary of 2021-2022 Michigan Legislature – July 11, 2022*