

Agri-Business Community Work Group 2014
Meeting Notes
November 10, 2014
Location: 300 Monroe Avenue N.W.

Members Present: Commissioners Saalfeld (Chair) and Jones; Patty Birkholz, Rick Baker, Bryan Posthumus, Ed Robinette, Bryan Harrison, Bert Bleke, Rick Chapala, Steve Grimm, and Steve Wilson

Members Absent: Mimi Fritz, Dr. Paul Isely, Stan Ponstein

Staff Present: Assistant County Administrator Mary Swanson; Executive Assistant to the Board of Commissioners Conni Mutchler

Media Present: *None*

Public Present: Russ Slater

- I. Chair Saalfeld called the meeting to order at 4:30 p.m.
- II. **Approval of the Minutes:** The work group approved the October 13, 2014 meeting notes.
- III. **Presentation by Jim Byrum, President, Michigan Agri-Business Association**

Chair Saalfeld welcomed Jim Byrum, President of the Michigan Agri-Business Association to the meeting.

Mr. Byrum gave a brief history and description of the Michigan Agri-Business Association. He explained that it is unique in that it transcends what is typically considered agri-business, with members from a variety of businesses and utilities, in addition to farmers. There are several associations that belong to the Michigan Agri-Business Association, including the Vegetable Council, Michigan Milk Producers, and Wheat Producers.

Michigan has gone through five years of arguably the best economy the state has ever seen, particularly as far as the commodities, such as soy beans, dry beans, and corn, with record high prices. However, this has a negative impact on the livestock producers whose animals feed on corn and other commodities. This trend has recently reversed in the last month, with feed prices down, and livestock prices up.

He addressed key issues facing Michigan agri-business today. First is prices; corn is down approximately 50 percent.

Mr. Saalfeld asked what caused the drop in prices.

Mr. Byrum answered that there was no drought like there was in 2012. The Midwest had a record growing year, which demonstrates that weather is the biggest factor in determining prices.

Farmland values are challenged, because of the recent drop in prices. He believes that there will be an increase in farmland sales, and more farm consolidation.

Mr. Byrum explained that markets are determined by logistics. Michigan farmers can grow anything, but they need a way to get their products to the markets. He gave an example of Toyota using empty shipping containers in Detroit to ship soybeans to Japan.

He addressed consumers' desire for local products, which is evidenced by the number of farmers markets. The problem is that there are not enough farmers to populate those farmers markets, and they're expensive for the farmer. The farmer has to hire help to staff the stall.

Despite prices being down, there is a lot of growth in agri-business. One of the fastest growing markets in Michigan is Michigan butter. Potatoes are also a big growth market. The growing season is extended by staggering the harvest, and by expanding into the Upper Peninsula. Soybeans from Michigan are exported all over the world. White wheat is a specialty crop used by many of the big millers all over the Midwest. Milk is a huge growth opportunity for Michigan. Milk is being used for cheese production for products such as pizza.

Mr. Byrum stated that United States farmers could produce enough to feed the world, but are limited by two factors: transporting products to less developed nations, where there is not the infrastructure to support transportation, and making it economically viable. Again, logistics drives the market.

The entrepreneurial spirit is strong in West Michigan, with growers having the ability to look at the market and figuring out how to access it. West Michigan has the infrastructure designed around agriculture, not manufacturing, as opposed to the east side of the state.

Food safety is an issue, and food safety requirements are easier to meet for large producers, than for small producers. Genetically Modified Organisms, (GMO's) mean that farmers can grow more, and production per acre is increasing rapidly. Infrastructure has to keep up with production. Logistics- railroads, trucking companies, and roads need to accommodate the volume.

The biggest opportunity Grand Rapids and Kent County has to encourage agriculture is logistics. Mr. Byrum questioned how many railroad lines cross Kent County. He also stated that there are not enough truck lines to transport agricultural products. One trucking executive was quoted as saying his company rejects 80 percent of the

loads they are offered, because they don't have enough drivers, and they can't handle the volume. The removal of rail lines in the rails-to-trails programs has impacted the ability to transport products.

Technology is evolving rapidly. Site specific agriculture, fertilizing via grid samples, with an applicator driven by a computer chip, is an example of how technology is being utilized in agri-business. The equipment drivers have to have the ability to understand the technology of the applicator. Now farmers almost have to be "techy" as opposed as "aggy." Slow release fertilizers which only release when certain temperature and moisture levels are present are another technology example. Grain and fertilizer storage facilities are therefore in high demand due to the increases in production as a result of technology.

A big issue for farmers are extreme weather events - freeze, drought, torrential rain – and these events are happening more often and are more intense, and affect production.

Mr. Byrum addressed consumer expectations. GMOs, organics and local - are issues that are not going to go away. They also provide opportunities for farmers to tap new markets. Sustainability is also an increasing issue. Big corporations are demanding that farmers reduce their impact on the environment. These sustainability efforts are actually money makers for agriculture.

Mr. Byrum spoke about preserving farmland. In Europe there is a very bright line between urban and farmland. This is not so in the Midwest. Zoning and size of lots, are issues that affect the blending of farmland and urban. Mr. Harrison pointed out that Kentwood has high density lots, but very little farmland any more. The eventual outcome is that farmers sell land when crop prices are down. Farmers will locate where there is access to the market and there are opportunities.

Truck weight restrictions in the spring are an issue. Strict regulations and enforcement make it difficult for farmers to transport products. It is a market advantage to find ways to transport products better, faster, and cheaper. Transportation determines market.

Ms. Jones asked about the bright line between farmland and urban land in Europe, how that is different from the United States, and how has Lancaster maintained that bright line.

Mr. Byrum answered that, for one thing, European government has less respect for the individual's property rights, but also Lancaster has made a commitment to preserve the Amish lifestyle and heritage, which also increases tourism. He noted that tourism to see the Amish lifestyle is big reason for Lancaster's policies.

Ms. Jones noted that every speaker to address the ACWG has touched on four issues: land, water, transportation, and talent. She asked if Mr. Byrum would add anything to those four issues.

Mr. Byrum would add quality of life and infrastructure to the list of issues facing agri-business. Facilities need to be able to expand their access to electrical power and natural gas, but having access to good, high quality, fast broadband and cell phone service are essential in attracting and maintaining talent. There is agricultural equipment that must have access to broadband to operate.

Mr. Bleke asked for clarification on what Mr. Byrum meant by quality of life.

Mr. Byrum responded that it includes access to broadband, healthcare, educational opportunities, things to do, a community, recreational opportunities. He noted that the west side of the state is way ahead of the other side of the state in addressing these types of needs. Small towns need to have lots to offer to young people.

Mr. Saalfeld asked if there is a drop in land prices.

Mr. Byrum answered that prices have dropped, but not as quickly as one would expect.

Mr. Byrum explained that inconsistency across units of government, weight limits, access to roads, and quality of roads, is a major concern for farmers.

Mr. Wilson inquired how climate change is negatively affecting agri-business.

Mr. Byrum explained that fungi and other pests have increased due to warmer weather. There is no question that climate is real and is happening.

Mr. Byrum also stated that labor shortage is an impediment to production. The United States needs immigration reform. There need to be people willing to do the jobs that are there.

Mr. Saalfeld asked about the impediments to reestablishing rail lines.

Mr. Byrum responded that rails-to-trails has been very popular, and it is very expensive to rebuild a rail line. Rail lines must be built much differently than they were originally built to accommodate much larger rail cars than were used fifty years ago.

In summary, the key issues facing Kent County are regulation (overregulation and consistency in government regulation), logistics, infrastructure and labor shortage.

Mr. Byrum closed by stating that there are tremendous growth opportunities in West Michigan. Demand for local products is huge. Water is a valuable resource, but only if used wisely. Beyond all other issues, logistics is important. Farmers must be able to get their products to market, and there must be the infrastructure there to support that.

IV. Public Comment

Russ Slater of the Kent County Agricultural Preservation Board stated that rail might go underground on conveyor systems. He also stated that he felt that Mr. Byrum was asking the committee to consider that Kent County is a major agri-business hub, first or second in the state, as far as the available infrastructure.

V. Adjournment: Mr. Saalfeld adjourned the meeting at 5:50 p.m.

VI. Next Meeting: Monday, December 8, 2014 at 4:30.