

Agri-Business Community Work Group Minutes
April 13, 2015 – 4:30 pm
300 Monroe Avenue NW

Members Present: Commissioners James Saalfeld (Chair), Diane Jones, and Stan Ponstein; Rick Baker, Patty Birkholz, Bert Bleke, Rick Chapla, Mimi Fritz, Steve Grimm, Dr. Paul Isely, Bryan Posthumus, Ed Robinette, Steve Wilson,

Members Absent: Bryan Harrison

Others Present: Assistant County Administrator Mary Swanson; Management Analyst Nathan Kark; Executive Assistant to the Board of Commissioners Conni Mutchler; Steve Cooper, Continental Dairy Facilities; Russ Slater; Dennis Heffron; and Gerald Miller

News Media: None

I. Chair Saalfeld called the meeting to order at 4:30 pm.

II. **Approval of the March 2, 2015 Meeting Notes.**

The work group unanimously approved the March 2, 2015 meeting notes.

III. **Continental Dairy Facilities, LLC, presentation by Steve Cooper, General Manager**

Mr. Saalfeld introduced Steve Cooper, the COO/ General Manager of Continental Dairy Facilities LLC. Mr. Cooper was involved in the business development and design of the powder processing plant in Coopersville, which started operations in March 2012. The company produces nonfat dry milk, condensed milk and cream that is marketed domestically to large food processors as a base ingredient, and currently exports nonfat dry milk to 14 countries.

Mr. Cooper explained that Continental Dairy Facilities was formed in 2009, and construction was started in 2010. Initially, \$120,000,000 was invested in the plant. The first milk came into the facility in March 2012. They began with 70 full time employees, and now employ 93 people. Continental is owned by a Dairy Farmer Co-op formed in January 1994. Currently there are 92 producers in the co-op. The producers are located in Michigan, Indiana, Ohio, Texas, and New Mexico. They are the fifth largest milk producer in U.S. dairy co-ops. Their dairies are the highest producing dairies in the U.S.

Continental decided to locate in Michigan because of the growing milk production in the state; Michigan is now the seventh leading dairy production state. The cost of milk production in Michigan is much less than in California. The plant was built because it keeps local milk in Michigan, preventing milk from being shipped out of state at substantial costs to Michigan dairy farmers. The plant receives four million pounds of milk daily (80 trucks).

The milk industry, like the ag industry, supports indirect and induced jobs, in addition to the employees working in the plant. For Continental, the multiplier is 7.39, so for 70 employees working in the plant, there are another 448 jobs created, such as truck drivers, grain mills, etc., with 317 of those jobs created in Ottawa County.

When deciding where to locate the plant, Continental did a cross state analysis based on taxes, wages, and incentives, and Michigan had the best incentive plans. They also received a Community Development Block Grant (CDBG) from the City of Coopersville.

They work closely with the Michigan Department of Agriculture and Rural Development (MDARD), which assisted with grants and also with exporting efforts. In 2013 and 2014, 70 percent of sales were exports. Continental was the Michigan Ag exporter of the year for 2014.

The Michigan Department of Agriculture was very helpful in getting the plant started ahead of schedule. Continental also worked with Lakeshore Advantage, which is similar to The Right Place.

Continental has been able to compete in the export market because they can put five more metric tons on a container than California exporters can, due to road laws.

Mr. Saalfeld asked about state incentives from the Michigan Economic Development Corporation (MEDC). Mr. Cooper said Continental received a MEGA Grant based on the Michigan Business Tax.

Mr. Robinette asked how much time the facility has to turn milk to the final product. Mr. Cooper answered they have about 72 hours to get milk out of the silos and turn it to a product with a longer shelf life. Continental is a base food ingredient company; they don't market milk under their own label. They run 85 loads of milk a day. They worked with the state to receive two MDOT grants to pave roads around the facility.

Mr. Saalfeld asked what the biggest challenge Continental is facing. Mr. Cooper answered that labor - attracting and keeping talent- has been a challenge. The labor market has gotten tighter and the plant never shuts down, so the business has had to be creative with shifts and time off.

Ms. Birkholz asked about truck weights and the roads, and if Continental supports Proposal 1. Mr. Coopers answered yes, Continental does support the ballot proposal.

Mr. Chapla asked about the supply chain. Mr. Cooper said that they get milk from 75 cities; 95 percent of the milk coming into the plant comes from Michigan, including from the Upper Peninsula.

Mr. Saalfeld asked if there is sufficient, suitable land for dairy production in Michigan. Mr. Cooper answered yes, there is good land, and water. The land is much more affordable than in the west.

Mr. Saalfeld asked what efforts should be made to support local outlets. Mr. Cooper answered that they are unique in that they are a food ingredient producer. Continental supplies many large end users. There is a good local market for end users, who should be encouraged to build in Michigan.

Mr. Bleke asked about California farmers moving to Michigan. Mr. Cooper answered that because of water shortages and tough economic times, many California farmers have gone out of business. Cost of production in Michigan is much lower. The State should be trying to entice California dairymen to Michigan because of the affordable land and sufficient water.

Mr. Saalfeld asked what can be done locally to encourage local production. Mr. Cooper answered that proper incentives will entice businesses to locate in West Michigan.

Mr. Saalfeld asked if there is anything that local government is currently doing that hinders the growth of agribusiness in Kent County. Mr. Cooper replied that he has not seen anything. The change in road laws could affect the industry.

Ms. Birkholz asked how many farms are using bio-digesters. Mr. Cooper believes 80 percent of the dairy farms in the co-op are using bio-digesters, and local utility companies are working with the farms.

Mr. Ponstein asked if there is anything out in the future that would cause Continental to think that they had chosen the wrong place to locate. Mr. Cooper answered only that they didn't build big enough.

Ms. Jones asked about keeping talent. Mr. Cooper answered that they have had to train a lot of people who worked in other industries, and they have added new incentive programs to retain good employees.

IV. Presentation by Russ Slater, IT Business Consultant

Mr. Saalfeld introduced Russ Slater, a retired IT business consultant, who is currently involved as an advocate for urban environmentalism. Mr. Slater serves on several boards and committees including the Agricultural Preservation Board, the Farmland Preservation Initiative of Kent County Board, Grand Valley Metro Council- Lower Grand River of Organized Watersheds Board, MDEQ Healthy Water Working Farms Steering Committee, and the Region 4 Prosperity Initiative of West Michigan Watershed Coalition. He has also been certified as a Master Naturalist through the Michigan State University Extension Program. Mr. Slater has attended most of the meetings of the Agri-Business Community Work Group and had some thoughts that he believe may tie together some themes that emerged in the meetings.

Mr. Slater presented his vision of a regional agri-business advisory council, or agriculture preservation board, whose purpose would be to organize and coordinate the preservation of farmland resources; to create a competitive agricultural and agri-business industry focus; to coordinate all public and private efforts regionally; and to leverage assets and bring collective councils to bear.

This council would work with county ag preservation boards and councils, farmland preservation boards, Michigan Department of Agriculture and Rural Development, regional environmental and conservancy groups and other agri-business organizations and associations.

Mr. Slater has been talking to groups on the local, regional, and state level about his proposals to regionalize an ag preservation group. The purpose, goals, and responsibilities of this preservation group would be to promote and develop agriculture and agri-business, research and innovation, succession planning for agricultural continuance, preserve agricultural farmland, promote and restore best conservation practices and to promote and develop agricultural apprenticeships and internships.

V. Public Comment.

Dennis Heffron, 7724 Ashley Ave, Belding, farms with his two sons in Grattan Township. He commended the group for their leadership in encouraging conversations about agri-business in Kent County. Michigan is second only to California in diversity of crops produced. In ten years Kent County lost more of 12,000 acres of farmland to development.

Gerald Miller, 7397 Buccaneer Drive, SE, Cascade Township, is a member of the Kent County Conservation Board. He gave the group two statistics to think about. First, in the 24 Kent County townships, 28 percent of 552, 000 acres are being used for farming. Second, Michigan has three great farming resources: water, soil and people.

VI. Adjournment. Chair Saalfeld adjourned the meeting at 5:52 p.m.

Next Meeting Date: Monday, May 11, 2015, at 4:30 p.m.