

Agri-business Community Work Group 2014
Meeting Notes
August 11, 2014

Location: 300 Monroe Avenue N.W.

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

Members Absent: Bryan Harrison, Mimi Fritz, Dr. Paul Isely, and Steve Wilson

Staff Present: Assistant County Administrator Mary Swanson; Management Analyst Kevin Travis

Media Present: *None*

Public Present: Albert Calderon, Russ Slater

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

II. Introductions: Work Group members and County staff introduced themselves to meeting attendees.

III. Work Plan, Mission and Charge:

Commissioner Saalfeld read the charge:

To consider what steps can be taken to help support, expand, and attract agri-business (including both agricultural production and processing) in Kent County. This should include consideration of (i) what tools can be reasonably applied to ensure sufficient, suitable land for plant- and animal-based production, (ii) what efforts can be used to encourage local market outlets and processors to be located close to the product point of origination to enhance efficiency in delivery of product, and (iii) what steps can be taken to further promote Kent County for its agri-business on a regional and national scale. Recommendations should be mindful of the limited resources local governments have to fund non-core/discretionary matters, and should address the likely means for funding recommended actions now and going forward.

After reading the Mission and Charge Commissioner Saalfeld introduced Birgit Klohs, President and CEO of The Right Place, Inc. He stated that since The Right Place (RPI) is already very active in supporting agri-business, having Ms. Klohs as the first presenter to the Work Group is appropriate. She can help identify areas that would be appropriate on which the Work Group might concentrate its efforts so as to not duplicate the good work already being done in this area by RPI.

IV. Presentation by Birgit Klohs, President and CEO of the Right Place, Inc.

History of RPI and its role in Agriculture

Ms. Klohs talked about the history of RPI and noted that the County helped found it back in 1985. She discussed the increased competition in economic development between states and global competition. Ms. Klohs noted that agribusiness and food processing is among the top five strategic growth areas in RPI's 2014-2016 Strategic Plan (Ms. Klohs referenced the Strategic Plan handout). She indicated that Kent County is in Economic Development Region 4 (a 13-county area). One of the roles of RPI is the retention of food processors. She noted that Michigan is the second most diverse state in agriculture (behind California), and of most importance are the "ABCs" - apples, blueberries, and cherries. The importance of agricultural diversity helped RPI retain Gerber, which is based in Fremont and is a customer to many farmers in northern Kent County. Gerber was going to relocate, but now the company has invested \$400 million in the Fremont, Michigan, facility and established a baby-food research division there as well.

Commissioner Saalfeld asked what other products are of importance to West Michigan and Kent County.

Ms. Klohs said that asparagus, meat, and dairy products are also important. She pointed out that many new Dutch immigrants are coming to West Michigan to become dairy farmers due to the availability of land and established Dutch connections. She also noted that Leprino Foods came to West Michigan because of the dairy industry. The company is located in Allendale and is the supplier of grated cheese for Dominos and Little Caesars.

It was noted that the four areas of key phases of agribusiness in Michigan are (i) growing, (ii) processing, (iii) packaging and (iv) logistics.

Mr. Bleke asked if RPI's top five priorities will remain the top five going forward.

Ms. Klohs said it is hard to predict, and noted that 18 years ago the life science industry was limited to a few hospitals, and was not a significant economic force. However, due to the VanAndel Institute there is now the Medical Mile, which has resulted in significant investment and growth.

Land, Water, Transportation, and Talent

Ms. Klohs discussed the upcoming Food Processing Council in May. She indicated that the agricultural industry is concerned about immigration, talent/training, and logistics. She said that many new immigrants are not as well trained in agriculture as in generations past. She suggested contacting Michigan Works to get more information on the talent gap and what is being done to address it.

Mr. Bleke asked if the Council will discuss environmental issues.

Mr. Chapla indicated that it may.

Commissioner Saalfeld inquired about logistical issues for the agricultural industry. Ms. Klohs indicated that logistics is a problem for rural areas in that there are no more railroads to these areas. Ms. Klohs noted that a lack of rail is dissuading companies from coming to West Michigan.

Mr. Chapla added that poor roads are damaging fruit, and inadequate roads increase transportation costs. Food processors need to be able to get product quickly, and the product must arrive in good shape. The current status of Michigan's transportation infrastructure does not always support those requirements.

Ms. Klohs stated that many producers, processors, and transporters are merging together through vertical integration. This underscores the need for a different type of agricultural workforce than has historically been needed.

Mr. Robinette agreed, reporting that he recently visited an apple farm that is now also a packaging business and noted how that is creating jobs. He commented that the best way to preserve farms is to make farming profitable.

Commissioner Saalfeld reiterated that the ACWG does not want to duplicate RPI's efforts and asked what government can do to support agribusiness's needs in logistics. Or how can government get out of the way in some instances?

Ms. Klohs stated regulatory issues can be a challenge (e.g., zoning, DNR). Water rights can also be a big issue. Many of these are legislative issues. Mr. Chapla said that land use planning and zoning is a big challenge and there needs to be standardization and harmonization in zoning classifications.

Ms. Klohs cited an example in Ada Township. She said there is a new school and a little further away is a new subdivision with very high-end homes, but between the school and the subdivision is a dairy farm, and the farmer is likely to come under pressure to get out. She noted that this issue is also occurring in the Netherlands. Mr. Grimm said that this is a common problem affecting many types of land uses when incompatible uses are adjacent to each other. Ms. Klohs stated that it affects growers and processors both. Kent County has a robust food processing industry, because it still has a robust Ag industry; growers are the supply chain for the food processors. She cautioned that the more farm land that is rezoned for other uses (commercial, residential etc.), the less crops will be grown, and the less food processors there will be. That will impact not only the existing processing companies (as they will not have supply to process); it will make any attraction strategy moot. Food processors will not come to the region if there are not crops to process. She added that at that point, it will also impact the region's ability to attract the manufacturing firms making the processing equipment.

Mr. Grimm asked how businesses are dealing with logistical issues now and if it is hindering others from coming to Kent County. Ms. Klohs stated that it affects growers and processors both. Kent County has a robust food processing industry, because it still has a robust Ag industry; growers are the supply chain for the food processors.

Ms. Birkholz discussed the issue of water use and water quality and of the recent algae bloom on Lake Erie.

Ms. Klohs discussed water issues in the agricultural industry. Ms. Klohs stated that regulatory issues are important as they relate to the DNR, DEQ, and FDA.

Mr. Baker asked what would be the “number one” issue for Kent County agribusiness.

Ms. Klohs stated that there is no one issue: some of the issues are legislative, some are related to zoning and land use, some are logistics issues, and talent is a regional problem. She emphasized that there is no silver bullet to solve the problems.

Mr. Bleke summed up the discussion by identifying the four main concerns as land, water, transportation, and talent.

Commissioner Saalfeld asked if there were other models that the ACWG should research or recommend.

Ms. Klohs did not have an example immediately available but indicated that she could get examples.

Commissioner Ponstein asked if work force development concern is more focused on individuals or different disciplines.

Ms. Klohs stated that work force development involves the entire pool of workers. She suggested looking into what is being done by Michigan State University – specifically their packaging and logistics schools.

Ms. Birkholz and Ms. Klohs discussed bio-energy and making electricity from farm waste. Ms. Klohs stated there are not many digesters made or used in the United States, but there are many of them in Germany. A farm in the Sparta area has just become one of the first in the Michigan to experiment with this technology.

Commissioner Saalfeld asked a question regarding what tools local governments could use to address the issues Ms. Klohs had identified. This prompted a discussion on zoning from the members. Mr. Bleke asked if there is a zoning map of the County available for the group members. Ms. Swanson and Commissioner Saalfeld discussed that inconsistency among land use definitions and regulations makes creating such a map difficult. Commissioner Saalfeld stated that common and consistent zoning classifications and definitions was a recommendation of the Community Collaboration Work Group, and it may be a recommendation from the ACWG.

Commissioner Ponstein asked if agricultural issues are a global problem.

Ms. Klohs said that they are, and talked about the difference between food security (availability) and food safety. She suggested contacting Jamie Culver Adams from

MDARD. Ms. Klohs also talked about the impact of climate change and its impact on food scarcity, the impact of politics and war, and the impact of affordability of energy. She did note that Michigan is benefiting from climate change because certain crops are being grown further north than in decades past. Mr. Grimm noted that it may be hard for the United States to compete with China because food safety is more lax there.

Commissioner Jones had a question and comment on talent and noted that there are many older farmers. She questioned if there is succession planning taking place or if they were selling off the land. Mr. Chapla said that there are around 56,000 farmers in Michigan, many of whom are older. He said that succession planning is occurring through consolidation. Mr. Posthumus stated that less than half of all farms are taken over by the next generation. However, fewer people are selling to developers compared to 15 years ago. Sales now are often to conglomerates.

It was noted that the market still drives agribusiness.

Commissioner Saalfeld thanked Ms. Klohs for attending this meeting.

He said that a web location for the group is being established and will be emailed to them so that it can be easily bookmarked. Over the next few weeks, staff will be working to schedule additional presenters to discuss in further detail some of the issues that were raised at this meeting.

V. Public Comment

Mr. Russ Slater introduced himself to the work group and indicated he is a member of the Agricultural Preservation Board, as well as a member of Grand Valley Metro Council's Regional Watershed Organization.

VI. Adjournment: Mr. Saalfeld adjourned the meeting at 5:59 p.m.