



Michigan Economic Development Corporation



Department of
AGRICULTURE
& Rural Development

Joint House Appropriations Subcommittees on General Government and Agriculture and Rural Development

Honorable Representative Earl Poleski, Chair

Honorable Representative Phil Potvin, Chair

February 26, 2013

Presented by:

Michael A. Finney, MEDC President & Chief Executive Officer

Jamie Clover Adams, MDARD Director

Food & Agriculture Strategic Growth Initiative

Recommendation: \$3,000,000 (new initiative)

Current problem: Michigan captures only a small portion of its food production potential as a majority of crops and livestock are shipped out of state for processing.

Program features:

- **Competitive grant process focused on removing barriers and leveraging critical agri-business development and growth opportunities**
- **Advisory board of food and agriculture industry representatives will be charged with identifying the barriers and opportunities for growth**
- **Program will coordinate with universities and other research institutions to bring the latest technology and information to Michigan's food and agriculture industries**

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Current
 MEDC Projects Related to Agriculture / Food Processing
 Fiscal Years 2012 - 2013

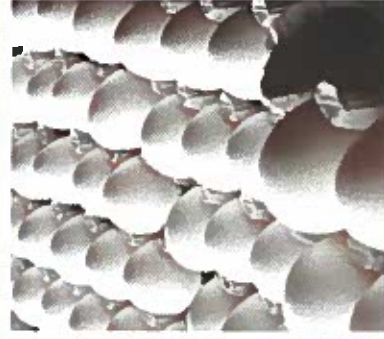
Company Name	Industry	Program Name	County	Private Investment	Jobs Committed	Approved Amount
Brink Terminal Services, Inc.	Agriculture	SSBCI-LPP	Allegan	\$1,000,000	8	\$499,000
Martin-Brower Company	Food Processing	Business Development Program	Clinton	\$16,250,000	162	\$500,000
Cherry Growers, Incorporated	Food Processing	Business Development Program	Grand Traverse	\$12,499,760	72	\$2,500,000
Materne North America	Food Processing	Business Development Program	Grand Traverse	\$23,472,500	65	\$3,000,000
Michigan State University Biosystems and Ag Eng	Agriculture	FY 13 Farm Energy Audit Program	Ingham	-	0	\$75,000
Michigan State University Biosystems and Ag Eng	Ag Dairy	FY 13 Farm Energy Audit Program	Ingham	-	0	\$30,000
Herbruck Poultry Ranch	Agriculture	Business Development Program	Ionia	\$17,150,000	55	\$500,000
Vestaron Corporation	Agriculture	Accelerator Fund	Kalamazoo	-	0	0
Hark Orchids LP	Agriculture	Business Development Program	Kalamazoo	\$5,000,000	80	\$500,000
Arcadia Brewing Company	Food Processing	Community Revitalization Program	Kalamazoo	\$2,300,000	42	\$575,000
Enmar, LLC	Food Processing	Community Revitalization Program	Kalamazoo	\$3,165,000	0	\$425,000
ConAgra Food Packaged Foods, LLC	Food Processing	MEGA	Kent	\$0	102	\$1,767,000
Founders Brewing Company	Food Processing	Business Development Program	Kent	\$26,000,000	52	\$2,000,000
Great Lakes Bottled Water Co.	Food Processing	Tribal Business Development	Kent	\$800,000	0	\$17,000
Pinnacle Foods Corporation/Masic Brands	Food Processing	Business Development Program	Lapeer	\$14,331,125	29	\$800,000
Beaver Creek Wood Products	Agriculture	SSBCI-CSP	Midland	\$707,788	26	\$157,000
Fair Oaks Farms Brands, Inc.	Food Processing	Business Development Program	Ottawa	\$127,563,150	133	\$900,000
FarmLogs	Agriculture	Accelerator Fund	Washtenaw	-	0	0
Avalon International, LLC	Food Processing	Community Ventures	Wayne	-	50	\$250,000
Avalon International, LLC	Food Processing	MEDC Program Fund	Wayne	\$1,476,400	50	\$400,000
Kowalski Sausage	Food Processing	Community Ventures	Wayne	-	6	\$30,000
Central Detroit Christian - CDC	Agriculture	Community Ventures	Wayne	-	2	\$10,000
Grandpapa's Inc.	Food Processing	SSBCI-CSP	Wayne	\$4,679,377	40	\$905,374
				\$256,395,100	974	\$15,840,374

Supporting organizations

- Cherry Marketing Institute
- GreenStone Farm Credit Services
- MBG Marketing/The Blueberry People
- Michigan Allied Poultry Industries, Inc.
- Michigan Apple Association
- Michigan Apple Committee
- Michigan Aquaculture Association
- Michigan Asparagus Advisory Board
- Michigan Asparagus Growers, Inc.
- Michigan Association of Cherry Producers
- Michigan Carrot Committee
- Michigan Cattlemen's Association
- Michigan Cherry Committee
- Michigan Corn Growers Association
- Michigan Crop Improvement Association
- Michigan Dairy Food Association
- Michigan Farm Bureau
- Michigan Floriculture Growers Council
- Michigan Food Processors Association
- Michigan Milk Producers Association
- Michigan Nursery and Landscape Association
- Michigan Onion Committee
- Michigan Pork Producers Association
- Michigan Potato Industry Commission
- Michigan Processing Apple Growers
- Michigan Soybean Association
- Michigan State Horticultural Society
- Michigan State Millers Association
- Michigan Sugar Company
- Michigan Vegetable Council
- Michigan Wheat Program
- Potato Growers of Michigan, Inc.

Food Agriculture

Strategic Growth Initiative



Michigan's food and agriculture industry's economic impact is \$91.4 billion. Michigan's 10 million acres of cropland and our diversity of agricultural commodities provide opportunities for future economic growth. Water availability, proximity to markets, and advancements in genetics and technology position Michigan to compete in the world market. Improving access to inputs and transportation of raw and finished goods are also key to our success.

An overview

The Food and Agriculture Strategic Growth Initiative is an outcome of the Governor's Summit on Production Agriculture held in August 2011 and is in response to the recommendations from the House Agriculture Subcommittee on Agricultural Processing.

The initiative will use a competitive grant process to fund research, education, and technical assistance efforts focused on removing barriers and leveraging opportunities identified by processors, agri-business, and those in agricultural production as critical to business development and growth.

Outcomes will help increase sector profitability, aid in business expansion, and increase the overall economic impact on Michigan's economy.

\$3 million is being requested for the program to be implemented by the Michigan Department of Agriculture and Rural Development (MDARD).

Opportunity for growth

Michigan has more than 2,000 licensed agricultural processors. However, currently we capture only a small portion of our raw product value potential as the majority of crops and livestock are shipped out of state for processing. Identifying the reasons why this happens and addressing those issues will positively impact the state's economy.

The processing industry has expressed concerns related to barriers to growth including advanced technology needs, food safety, water access and treatment, and the ability to find a trained workforce. MDARD, in concert with industry members and institutions of higher education, can serve as the necessary catalyst to further define the impediments, develop strategies to overcome the challenges, and implement best practices to expand future economic growth.

Examples:

- The Michigan dairy industry continues to grow and a new dry milk processing plant could provide \$423 million in economic activity and over 2,000 direct and indirect jobs.
- Another livestock processing plant could provide \$460 million in economic activity and more than 2,200 direct and indirect jobs and spur new livestock production.

Issue identification

Prior to the grant application process, an advisory board consisting of food and agriculture industry representatives will identify industry barriers and outline opportunities for growth.

The outcomes

After the advisory board determines what the industry needs to meet long-term goals, a request for proposals will be approved and distributed.

A review panel comprised of industry representatives, researchers, and MDARD staff will meet to select grant recipients, and determine their funding allotment.

Within the grant application, the grantee would be required to identify program outcomes and performance metrics to gauge the overall impact of the investment.

How we get there

Goals

- We must innovate to grow and capture more value to create jobs:
- Increasing the economic impact of the food and agriculture industry
- Increasing agriculture exports, focusing on higher value products
- Increasing food and agriculture jobs
- Improving access to healthy foods
- Increasing sustainable food and agriculture systems

Principles

- Flexible, nimble, quick
- Industry-driven
- Partnership with MSU and MDARD
- Interaction built on trust
- Focus on what we can do, not what we can't do



Michigan Department of Agriculture and Rural Development



Director's Action Team (Industry/State Government/University)



Value Added Processing
Technical Assistance
Workforce Development
Research