



## PILLARS OF PROSPERITY

# Cultivating Agriculture: Dos and Don'ts for Townships



*Editor's Note: To help Michigan regain its prosperity and thrive in the 21st century, MTA has launched, in cooperation with Michigan State University and other partners, the "Pillars of Prosperity" initiative. By exploring the power of townships in preserving Michigan's future and helping rebuild Michigan's economy, we can work together to impact the future of this great state.*

From articles in Michigan Township News to discussions during our District Meetings tour (see page 24), it is MTA's hope that the Pillars of Prosperity will inspire and ignite a renaissance in Michigan. The following article explores one Pillars of Prosperity tenet: Thriving Agricultural. Look for articles covering additional tenets in upcoming issues of Michigan Township News.

Ever been to a ribbon-cutting or groundbreaking ceremony on a local farm? If you answered no, you're not alone. Unlike other industries where such events are commonplace, Michigan's agriculture industry tends to reserve these special occasions for major agri-business projects, such as the construction of an ethanol plant.

And that's been to the fault of agriculture, says Michigan Farm Bureau President Wayne H. Wood.

"The culture of agriculture is to be humble; you don't do a lot of bragging," said Wood. "Yet investment and job growth are occurring on individual farms and within the businesses that support agriculture nearly every day."

At the local level, these quiet successes might mean that opportunities for townships to harness agriculture's economic growth and potential are going unrecognized.

"Under zoning regulation, agriculture tends to be viewed as a holding area until a better use comes along," said Wood, a Sanilac County dairy farmer and former **Marlette Township** (Sanilac Co.) supervisor. "The mentality seems to be commercial and residential first, and agriculture last."

"As an industry, we recognize the need to do a better job of educating Michigan residents about agriculture's economic importance to their community. Bottom line, we need to work together to strengthen both agriculture and the economy."

Between a demanding and constantly evolving new bio-economy, Michigan's current agricultural diversity and the state's

unique climates and natural resources, the future for Michigan agriculture is bright, according to Wood. He is not alone in his enthusiasm.

“Agriculture is the only industry in Michigan that’s growing,” said dairy farmer **Peter Kleiman, Harris Township** (Menominee Co.) supervisor. “What once was an industrial state could become an agricultural state. More than anything, agriculture is food. We have the capability of feeding this country—and the world—if done properly.”

“Local governments can keep chasing agriculture away, or we can work with them to do it right [in maintaining the industry].”

An economic study on agriculture’s impact to Michigan was released in January by Michigan State University (MSU). It revealed agriculture and its broad food and energy industries contribute \$63.7 billion to Michigan’s economy annually, up from \$60.1 billion as last reported in a 2004 study. (*The full study, “The Update on the Economic Impact of Michigan’s Agri-Food and Agri-Energy System,” can be viewed online at [www.productcenter.msu.edu](http://www.productcenter.msu.edu) under “Market Reports.”*)

For rural townships, agriculture can be a boon to the tax base, noted **Alpine Township** (Kent Co.) Trustee **Jim May**. “Urban townships use their tax base for infrastructure,” said May, an apple farmer. “Rural townships don’t have those same needs, and so the tax base from agriculture can go back into the township. It generates revenue for the local community, and that’s a big thing.”

The MSU study, by the university’s Product Center in the College of Agriculture and Natural Resources, used 2006 data for its revised reporting, so the economic impact could be considerably more once data from the 2007 Census of Agriculture has been compiled.

“This study is evidence of agriculture’s tremendous growth potential, and it may be a conservative estimate at that because data for the 2007 Census of Agriculture is still being collected,” said Wood. “Even so, the study reveals some fascinating points, such as the fact that Michigan’s agri-food and agri-energy industry grew at a robust rate of 5.9 percent for the two-year period from 2004 to 2006, whereas the state’s economy overall grew only 4.8 percent for that same period.”

The MSU study and other agriculture reports reveal:

- Agriculture is Michigan’s second-largest production sector behind the automotive industry.
- With its support industries, Michigan’s agricultural sector collectively employs about 25 percent of the workforce in Michigan.
- The direct economic impact of Michigan’s agri-food system is \$38 billion. The direct economic impact of the agri-energy system, primarily the production of ethanol, is \$378 million.
- Michigan agriculture’s growth rate from 2004 to 2006 was led by farming, which experienced a 6.4 percent increase, and



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ethanol production, which experienced a *692 percent* increase due to the number of ethanol plants in the state growing from just one to five.

- Michigan produces more than 200 agricultural commodities, ranking Michigan second only to California for the state with the most diverse agriculture industry. In addition to grains, meat, dairy products, vegetables and fruit, other Michigan-produced agricultural commodities that might not immediately come to mind include Christmas trees, flowers, maple syrup, turfgrass and mint.
- 98 percent of U.S. farms are individually or family-owned, not corporate-owned, which is a common misconception.

“At a time when other industrial sectors are slowing in Michigan, agriculture is actually growing with opportunities to serve an expanding bio-economy and to meet growing demand across the globe for food and other agricultural products,” said Wood. “But to sustain this momentum, townships cannot overlook agriculture’s positive impacts when making policy decisions that have the potential to affect agriculture’s current business or future growth.”

### GETTING STARTED: FARM-FRESH THINKING

Perhaps the first place to start down this path is to set aside traditional ideas of what a farm should be, and be receptive to the changing face of modern agriculture, according to Matt Kapp, land stewardship specialist for the Michigan Farm Bureau. This means recognizing that today’s farms are becoming more specialized and are tapping into new opportunities to add value to their existing operations.

“A farm with a red barn and silo and lots of different farm animals milling about is an iconic image for Americans, but the



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reality is most farms look different these days,” said Kapp. “It’s no different than a one-room country schoolhouse being replaced over time with a modern high school. The point is agriculture can’t operate in a time capsule. The industry needs to be able to evolve and advance so that farmers can feed the world’s growing population and help satisfy its fuel needs—not to mention future needs that we’re not even aware of yet.”

Reminds Kleiman, “Be open-minded. People are often scared about the size of an agricultural operation. A lot of people think of farms as 20 to 30 milk cows. But most operations are 200 to 2,000 cows—and those numbers scare people to death. But when agricultural operations are done in the right places, and the right way, the dollars that they can generate for the community is unbelievable.”

### ADAPTING TO A CHANGING INDUSTRY

New forms of farming can present challenges to townships when it comes to amending or developing local ordinances to allow for the agricultural practices. To help overcome challenges, local government and agriculture can work together to identify this changing economy and decide how to adjust zoning in an appropriate manner.

**Oliver Township’s** handling of the Harvest Wind Farm, the state’s first commercial wind farm, is a testament to this approach. Owned by John Deere Wind Energy and operating on leased farmland covering 3,200 acres in Huron County, the farm is made up of 32 windmills with 1.65-megawatt turbines that have the combined capacity to power more than 15,000 homes.

As a predominately agricultural community, there was no question about Oliver Township’s interest in welcoming the more than \$90 million project, according to **Brion Dickens**, an Oliver

Township Planning Commission member and renewable energy consultant and advocate.

“We looked at it as farmland preservation,” said Dickens, referring to the captured wind as “another crop” and another source of income for area farm families.

With this frame of mind, the township decided to take an innovative approach to developing zoning for the windmills. Rather than getting bogged down in establishing new ordinances to cover where the windmills would be permissible, township officials first decided where they *didn’t* want them. Wind turbines didn’t make sense in Oliver’s residential, commercial and industrial zones, so a wind energy exclusion zone was created to ban wind turbines in these areas.

From there, the township amended its agriculture and rural residential ordinances, allowing for small self-use windmills in these two zones. Only the agriculture zone allows for large utility-scale wind turbines like those of the Harvest Wind Farm, and a special use permit is required.

Because five of the 32 windmills are located in adjacent **Chandler Township** (Huron Co.), Dickens said Chandler Township agreed to develop a similar ordinance to Oliver’s, making things relatively seamless for the developer.

Township elected and planning officials may reap the benefits of enhanced economic and agricultural prosperity by recognizing the importance of developing cohesive zoning for a project, and working cooperatively with other municipalities, as it can be common for agricultural operations to cross municipal boundaries.

In fact, Oliver Township’s approach has earned national recognition from the American Planning Association. The township received the association’s 2007 John Keller Award for Outstanding Planning Initiative for a Small Town or Rural Area. In evaluating the community’s wind energy exclusion zone, contest judges remarked being “impressed by its innovative approach and its transferability to other areas facing the same issues.”

Although the Oliver model won’t work in every township, especially in more populated areas, it is an example to stimulate

some out-of-the-box thinking. Townships of all sizes can make strides in proper planning for agriculture, according to Kleiman, who notes that his township has minimum acreage requirements for agricultural operations.

“We try to keep housing away from the agricultural land,” he said. “When you move residential developments into agricultural areas, you end up with big trouble. Townships should plan properly, and locate new developments and ag operations in the right places.”

### PLANTING THE SEED, REAPING THE REWARDS

Thinking ahead as to whether a township is equipped to handle agriculture in today’s “New Economy” is also important.

For instance, how would the township respond to an apple orchard adding a cider mill? How about a vineyard opening a winery and bed-and-breakfast, or a crop farm starting a corn maze? There are also roadside produce stands, farm markets, U-pick operations and other enterprises to think about.



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“Consumers are becoming more health-conscious, and more local-conscious,” May said. “People want to know where their food is coming from.”

Townships that can satisfy this need have huge appeal and stand to benefit from this shift to buying local. According to the Michigan Department of Agriculture (MDA), if each week every Michigan household spent just \$10 of their current grocery budget on local food products, more than \$37 million would circulate within Michigan weekly.

With ever-increasing gas prices, corn mazes, cider mills and other agri-tourism destinations are expected to grow in popularity as more people seek affordable recreation and entertainment close to home.

Consider Michigan’s booming grape juice and wine industries. It’s estimated that more than 800,000 tourists visit the state’s 50 wineries each year. According to MDA, the sector’s annual contribution to Michigan’s economy is pegged at more than

\$789 million, with the industry employing approximately 5,400 Michigan residents.

Today’s new agricultural economy can also help sustain and grow traditional farm outlets. For instance, a co-product of ethanol facilities is dried distillers grain, which can be fed to dairy cattle and other livestock—and don’t underestimate the economic power of a single dairy.

In developing its economic study, the MSU Product Center examined several different business scenarios across Michigan’s broad commodity landscape, one being the development of a modern large-scale dairy with more than 1,000 cows. The study found:

- Establishing the farm will require an initial capital investment of \$3.7 million.
- The annual output from the farm, which is the direct impact of such an operation, is estimated at \$2.7 million.
- The dairy farm purchases supplies and services (e.g., feed, machinery, maintenance and repair, veterinarian services, transportation, trade, etc.) from a broad array of other industries generating an output of \$4.4 million in indirect and induced economic activities.
- The total economic impact from the farm is estimated to reach \$7.1 million a year.



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- The farm will create 12 jobs as a direct employment impact. It will also generate 39 jobs in indirect and induced impact, for a total employment impact of 51 jobs.

"In agricultural industries, every dollar spent turns over seven times," said Kleiman. "The products that are used on farms—wood, steel, fuel, other supplies—all contribute to other occupations and go back into the economy. The 2 percent of people who run agricultural operations contribute 25 to 30 percent of jobs, due to the affiliated occupations. Agricultural operations reflect *millions* of dollars of investment in the local and state economy."

### PRESERVING FARMLAND

While new ventures like agri-tourism and renewable energy production are helping to preserve farms in their own right, the old-fashioned practice of staking claim to land remains alive and well in the form of farmland preservation programs. In Alpine Township, a recently updated master plan strives to protect the area's unique agricultural farmland.

"We are in an area called 'The Fruit Ridge,' " explained May. "Our location, elevation, proximity to Lake Michigan—there's no place in the United States like this. We are trying to preserve our prime agricultural land. While we do have development in the township, we are trying to keep residents out of the agricultural areas.

"Once you take agricultural land and develop it, the last crop—houses—has been planted. The agricultural land is lost forever."

A state-run program, the Michigan Agricultural Preservation Fund, also helps to protect the state's farmland. The fund provides grants to eligible local units of government to operate local purchase of development rights (PDR) programs. Although no grants were awarded in 2007, and it appears the same may

be true this year, townships can still continue their farmland preservation efforts.

"Whether or not the state has money should not be a determining factor for land use decisions that will affect generations to come," said Wood. "The worst thing is no planning. The second worst thing is hodge-podge planning."

Communities that line their cards up right will be best positioned to take advantage of the program once funds become available, as was the case for **Armada, Bruce, Lenox, Ray** and **Richmond Townships** (Macomb Co.) back in 2005 when the Michigan Agricultural Preservation Fund first accepted grant applications.

Five years prior, farmers from the townships had been lobbying for a county-funded farmland preservation program in Macomb County. When they heard rumblings about the establishment of the Michigan Agricultural Preservation Fund, they decided rather than try to win over the largely urban-based county commission, they'd make more headway banding together as their own entity, recalls Ken DeCock, an Armada Township fruit and vegetable grower. Plus, they figured the unique partnership would be cost effective and appealing to the fund board.

So began the process in 2001 of crafting township ordinances allowing the units of government to work jointly in applying

for farmland preservation grants from the state and, in 2003, the signing of a formal agreement establishing the Macomb Agricultural Purchase of Development Rights Committee.

“We wanted to keep the county name attached so that in the future, if other townships want to join, they are welcome,” said DeCock, chairman of the committee.

By the time the Michigan Agricultural Preservation Fund was ready to accept grant applications in 2005, the Macomb Agricultural Purchase of Development Rights Committee was prepared and submitted three applications, along with a pledge of \$1,000 from each township and contributions from additional donors for the required local match.

One application was ultimately approved and, in February of this year, the Macomb Agricultural Purchase of Development Rights Committee signed an agreement to preserve 41.5 acres of farmland in Richmond Township, marking the first time a multi-governmental organization has preserved farmland in Michigan.

According to DeCock, the PDR-binding land has been sold to a farmer who had been leasing the property from the original owner, demonstrating to naysayers that there *is* a re-sale value to protected farmland.

DeCock said the committee is working on buying the development rights to a 30-acre parcel in Bruce Township, but says there is no deal among the five townships to eventually have one preserved farm in each township. In fact, a goal of that sort could end up as a hindrance, according to DeCock, because “blocks” of protected farmland rank higher in the scoring criteria for grants.

The initial three grant applications submitted to the state happened to be farms in Richmond Township, so now with the Bruce Township agreement pending, DeCock says it’s uncertain what direction the committee will take next. But one thing is certain—the committee has not given up on the Michigan Agricultural Preservation Fund. “That would be the first mistake,” said DeCock.

### KEEPING AGRICULTURAL INDUSTRIES HEALTHY

With today’s growing fuel and food prices, as well as the economic struggles facing our state, townships that work with, and encourage, agricultural operations in their areas can reap the rewards of a new crop of agricultural endeavors. Doing so may help their own communities, and the entire state of Michigan, cultivate the seeds of success in this thriving industry.

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Compiled by the **Michigan Farm Bureau Information and Public Relations Division**

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