



Local harvests create economy that is regional

It's summer in northwest Lower Michigan, and that means one thing: cherries. Or it means asparagus. Or it could mean strawberries, peaches and blueberries; corn; milk and beef, pork, honey and eggs, rhubarb, tomatoes, herbs, hops ... the list goes on.

Despite our label as the Cherry Capital, the region's food harvest clearly is more than one famed fruit. And not only are all of these things grown or produced here, they're often canned, bottled, dried, baked, brewed and — perhaps most importantly — turned into ice cream. They're sold at farm markets and restaurants, roadside stands, supermarkets and wineries. Thousands of visitors travel here every year at least in part to buy these products, visit wineries and farm markets, and eat and drink at restaurants, wineries and breweries that specialize in our local harvests.

The work that farmers and others do to market their harvest directly to consumers through processing or direct retail sales is known by many names: food innovation, agri-business or agricultural entrepreneurship, for starters. Whatever the term used, these activities contribute millions of dollars annually to the economy.

And they mean big opportunities for farm profitability, job creation and business expansion. Because demand for local food is growing, farms and businesses throughout the region are increasing their bottom line by marketing and selling their products directly to consumers or local retail outlets. The region is home to hundreds of farms that are successfully serving local markets, processing produce into “value-added” products like jam or pies, or offering tourist attractions like corn mazes or tasting rooms.

The most recent agricultural census shows that more than 260 farms are marketing directly to consumers and nearly 300 are producing and selling value-added products. Farms aside, the number of businesses that capitalize on locally grown foods continues to expand, according to the Northwest Michigan Small Business Development Center, which provides assistance and support for start-ups and growing businesses. The SBDC reports that, during the last two years, food-related businesses have made up half or more of its clientele, representing businesses ranging from cooking oil production to breweries to food distribution centers.

Supporting these agricultural entrepreneurs helps build northwest Lower Michigan's reputation as a “foodie” destination. It gives rise to other related businesses, creating a kind of food business “cluster.” It creates new and larger markets for farmers and adds new jobs and new revenue. And it helps preserve the rural character that is such a big part of the region's appeal.

Communities as diverse as Petoskey and Kalkaska are realizing agriculture's tremendous economic impact, and are looking at ways to support it by better integrating agriculture into their economies. Initiatives in Benzie and Manistee counties, for instance, are focusing conversations on agricultural entrepreneurship and innovation to build on their beloved agricultural heritage. Stakeholders in and

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BUSINESS

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“It's about redundancy and reliability.”

Robert P. Fegan Jr., principal market technical consultant for DTE Energy



Record-Eagle photos/Dan Nielsen

Above, Robert Fegan Jr., principal market technical consultant for DTE Energy, said this natural-gas-fueled unit by M-Trigen heats and cools a new house west of Traverse City, and also can produce enough electricity to fully power the home. Below, an aerial view of the PowerAire unit.

A REAL POWER HOUSE



Home powerplant is a DTE first in state of Michigan

By DAN NIELSEN
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TRAVERSE CITY — A new house just west of Traverse City gets electricity from the grid — but it doesn't have to.

DTE installed a multi-purpose unit at the house as a test — the first of its kind installed in Michigan. The PowerAire by Houston-based M-Trigen burns natural gas to heat the home's air and water, and to cool the home. The unit also can generate electricity — enough to fully power the 3,200-square-foot house.

“It's about redundancy and

reliability,” said Robert P. Fegan Jr., principal market technical consultant for DTE Energy.

About 50 of the units are operating in Texas and other states, said M-TriGen Vice President of Sales Randy Erwin. But this unit, installed in a home built by Pathway Homes in the Hills of Huellmantel subdivision, is the first one installed at a home in Michigan, he said.

“We made the bold decision to put one in a residence,” Fegan said.

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EMPLOYMENT

Businesses prepare for updated overtime rules

New federal regulations to take effect in December

BY DANIELLE WOODWARD
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TRAVERSE CITY — A looming deadline to comply with new federal overtime rules is forcing local businesses and nonprofits to make tough choices regarding their workforce.

New regulations issued by the United States Department of Labor will require employers to pay overtime to any salaried employee making less than \$47,476, doubling the current threshold of \$23,660. More than 4 million employees are expected to be eligible for overtime — including 101,000 in Michigan alone — when the rules go into effect Dec. 1. Small-scale employers will

likely be hit hardest by the spike.

“Every employer is going to be impacted, but smaller businesses and nonprofits especially operate within very small margins and restricted budgets,” said Kent Wood, director of government relations at the Traverse City Chamber of Commerce. “Many don't have the resources to meet such a high increase within one year.”

Businesses that can't increase salaried workers' pay into the new margin must switch them to hourly pay, where they will make time-and-a-half for any work over 40 hours per week.

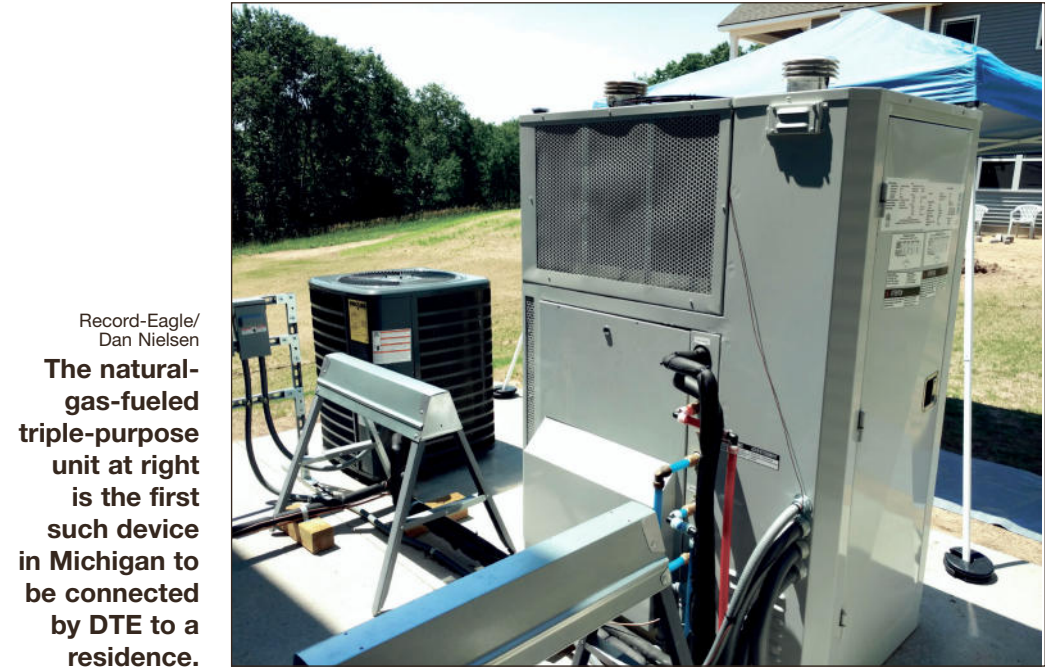
Wendy Steinbach employs about 70 people total at her nine local Subway franchises. The new legislation would affect 10 salaried management positions. She chose to switch those workers to hourly pay.



Record-Eagle/Danielle Woodward

Beverly Cox, manager of Subway at 1218 Garfield Ave., prepares a sandwich for a customer. Cox works at one of nine Subway franchise locations owned by Wendy Steinbach.

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Record-Eagle/
Dan Nielsen

The natural-gas-fueled triple-purpose unit at right is the first such device in Michigan to be connected by DTE to a residence.

POWER

Home powerplant is a first for DTE in Michigan

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He said the unit, mounted on a concrete pad outside the home, uses a 24-horsepower, 3-cylinder Kubota engine that burns natural gas. Control circuitry monitors thermostats to maintain temperature. If grid power fails, the software automatically switches power input to the 6-kilowatt generator, then back again when grid power is restored.

The lights in the house don't even dim during transitions, said Fegan. That's because a battery pack built into the unit functions as an entire-house uninterruptible power supply. The battery pack even can power the house for a short time when the generator is not running and there is no incoming power from the

grid. The unit installed at the Pathway Homes house cost about \$27,000, Fegan said. DTE sponsored the installation and will monitor its operation for the next year. DTE sells natural gas in the Traverse City area. It sells both natural gas and electricity in other regions of the state.

"It's all proven technology. It's all off-the-shelf stuff," said M-Trigen's Erwin. "The software is kind of the secret sauce."

Erwin believes Michigan is a ripe market for the generator/heater/cooler. M-Trigen soon will introduce a smaller version that will sell for \$18,000, could heat and cool a smaller home, and would generate 4 kilowatts of electricity.

The Pathway house has a conventional furnace and water heater to offer further redundancy. The test PowerAire installation includes a variety of sensors and monitoring devices that will record how the unit behaves for a full year, said Fegan. DTE will use the data to measure how the unit fares in

the Michigan climate.

"We're trying to find out what's practical and economical," Fegan said.

The PowerAire unit can be configured to feed power back into the grid, similar to how homeowner-generated solar or wind power can be sold back to a utility company.

"This stuff will actually give you a payback," said Fegan.

But selling generated power from a residential PowerAire installation isn't a money-making proposition right now. The market rate for electrical power is cheaper than the natural gas the PowerAire burns to create electricity.

"It is very close," Fegan said. "It's about a break-even condition."

The PowerAire was designed to meet both base and surge load requirements for residential, commercial and light industrial facilities, according to the M-TriGen website. Commercial uses could use multiple PowerAire units. The engine can be built to burn propane instead of natural gas.

OT

Businesses prep for updated overtime rules

FROM PAGE 1D

"I put them at hourly rates so when they're working they still get paid accordingly," she said. "The employees don't feel that it's fair because they don't like punching a clock."

But Steinbach said that it was her only feasible option.

"People don't want me to raise sandwich prices, but they want me to raise wages," she said. "If owners raise wages, they have to compensate for it with something else and that's usually through the customer."

Steinbach is searching for part-time employees to minimize management overtime hours. She's in the final stage of a transition that took more than a year to complete.

"It was an easier adjust-

ment for me because I started early," she said.

Many businesses, though, won't have as much time to meet the requirement that was finalized in late May. Munson Medical Center will meet in the next few weeks to plan its approach, said Amy Tennis, corporate director of compensation benefits and HRIS. She expects the rules to affect around 100 of its 7,000 employees.

"We have few people impacted, so we don't expect the situation and rules to be very crushing for us," she said.

Most of the hospital's affected workforce are technical employees salaried to work only 20 hours per week, Tennis said.

"They should have addressed the part-time issue, because it makes it hard for salaried employees working less than 40 hours," she said. "The new rate was set without regard to how many hours per week you work."

Tennis joined other business owners in criticizing the government for increasing the overtime threshold by too much, too

quickly. The rate, many complained, should have increased gradually over a number of years, rather than more than doubling in one fell swoop.

"These new rules make such a big jump so fast," Wood said. "The Chamber's argument has not been, 'don't do this,' it was more the scale and the speed of the expansion."

Wood argued that raising the rates so quickly would make entrepreneurs wary of growing and expanding their businesses.

"Raising exemption salary over the course of 3 to 5 years would bring more certainty to the market and job providers," he said.

But the impact of the new rules shouldn't be dire to businesses that already have been staffing employees correctly.

"It will be a good thing if not a lot changes, because that means we've been doing a good job staffing our employees," Tennis said.

The USDL expects to reevaluate and update the salary threshold every three years based on wage growth.

industries, like distribution, processing or wholesale facilities. But farmers and businesses consistently report that the facilities they need for processing meat, cold storage and facilities for freezing and storing local produce are in short supply.

But even these food system gaps can present important economic opportunities. Industry-oriented communities like Mancelona and Kalkaska are considering food business from a more traditional economic development vantage point. Strategically located in farm country with easy access to highway and rail, recently completed economic development strategies along the U.S. 131 corridor point to the infrastructure available here for agricultural processing, warehousing and "food innovation" activity. Connecting the dots be-

tween these communities and those that seek to expand markets and activities can create a regional "food system" that leverages the unique facilities, markets and agricultural exports of each community in the region. This requires bigger conversations and more coordination between disparate communities, farms, and food businesses throughout the region. Lucky for us, it also requires support from consumers for local markets, restaurants and foods.

Interested in supporting local food economies or suppliers? Regional resources are available online at www.networksnorthwest.org/planning, www.foodandfarmingnetwork.org, or www.tastethelocaldifference.org.

Sarah Lucas is regional planning department manager for Networks Northwest.



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