

Greener pastures Central Oregon's smaller dairy industry stays vibrant by catering to buy local, healthy movement

By Ed Merriman / *The Bulletin*

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During the height of Central Oregon's agrarian era in the 1950s, more than 300 small dairy farms milked cows and most every town had its own dairy processing plant.

Today, there's only a handful of dairy farms and one processing plant left, but operators see hope for future opportunities through greener dairy businesses and catering to the buy local, buy healthy consumer trends.

During the 1950s and 1960s, Bend and Redmond each had three dairy processors that converted milk delivered by dairy farmers into products ranging from bottled milk to butter, cottage cheese, ice cream and other products.

Madras had the Valley View Dairy processor.

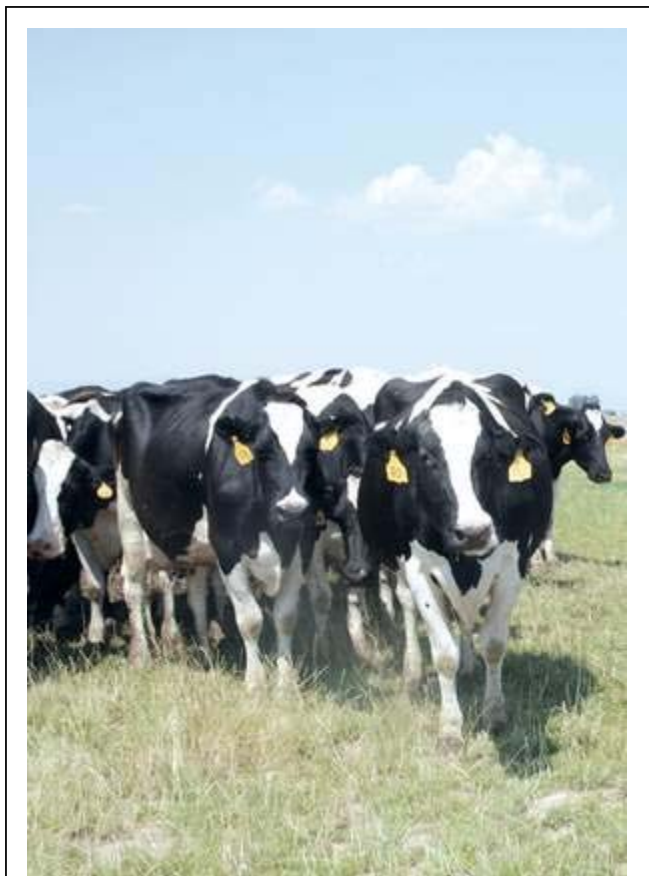
Prineville Creamery processed milk products in Prineville.

Eberhard's Dairy Products in Redmond is the only Grade A dairy processing plant left in Central Oregon, according to Bob Eberhard, 71, who owns and operates the business along with his nephew, Mark Eberhard.

"At one time we had about 200 cream patrons right here in Central Oregon," Bob Eberhard said. That's what the Eberhards called the dairy farmers who delivered milk to their original creamery.

"We purchased cream that was separated on the farm. Most of the farmers had four or five cows, and they'd bring us the cream and feed the skim milk to their cows and chickens," Eberhard said.

Many of the 200 dairy farmers who delivered cream to the Eberhard plant, plus more than 100 other dairymen in the region, also delivered milk or cream to processing plants in the other towns, Eberhard said.



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Employment at Eberhard's peaked at 51 three years ago but is holding steady today at 49, Eberhard said.

At one time, five or six Eberhard family members worked at the Redmond plant.

Agrarian loss

"All through the '50s and '60s, Central Oregon was still mainly an agrarian economy and lifestyle," Eberhard said.

"When my parents, Jack and Nelda Eberhard, founded the dairy in 1951, it was strictly a cream-separation plant. In 1953, we started making butter. In 1955, we started making powdered milk. In 1965, we started making cottage cheese. In 1967, we started processing milk and making ice cream," Eberhard said.

"To survive, we had to keep adding the products consumers wanted," Eberhard said, adding that his family also wound up buying out several other dairies in the area and incorporating their operations into the Eberhard line.

He said industrialization of the dairy industry began in the 1970s and by the 1990s the small dairy farms had mostly gone out of business and milk production from small dairies was replaced by regional dairies that milk thousands of cows. Hometown milk-processing plants disappeared after home milk deliveries ceased in the 1980s.

Despite the decline in number of dairy farms and hometown processing plants, the Oregon Department of Agriculture reports that in 2009 total dairy production held its No. 3 position in the state's agriculture industry, with around \$400 million in annual sales, just slightly behind cattle at \$410 million, but less than half the \$1 billion in nursery and greenhouse plant sales. Milk sales have been in that range for about the last decade.

Statewide, the number of milk cows in Oregon peaked at 248,000 in 1940 and remained higher than 200,000 until 1955, when the number dipped to 198,000. By 1965, the number of milk cows was down to 127,000 and the number has bounced around between 89,000 and 120,000 ever since, according to Oregon Agripedia, an ODA report.

From 1950 to 1999, average annual milk production per cow in Oregon soared from 5,940 pounds per year to

During dairy's heyday in the 1950s, many Central Oregon communities had their own dairy processing plant. But today, Eberhard's Dairy in Redmond, run by Bob Eberhard, is the only Grade A dairy processing plant remaining.



Dean Guernsey / The Bulletin file photo

Flavio DeCastilhos, owner of Tumalo Farms, makes artisan cheese from goat's and cow's milk. DeCastilhos believes creating value-added product is the key to reviving small, family-owned dairy farms.



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Central Oregon dairy industry, by the numbers

Despite the decline in number of dairy farms and hometown processing plants, Oregon Department of Agriculture reports that in 2009 total dairy production has held its No. 3 position in the state's agriculture industry, behind cattle and nursery and greenhouse plant sales.

18,700. Since 1990, milk production has ranged from about 18,000 pounds to a high of 19,417 pounds, according to the ODA report.

Nowadays, commercial dairy farms range from 250 to 4,000 cows, and most milk processing in Oregon is done at high-volume processing plants located in Western Oregon, Eberhard said.

When asked why his family's dairy processing business survived when so many others didn't, Eberhard credited hard work, expanding the product line, timely buyouts of other dairy processors and, most recently, rejecting milk containing growth hormones.

"We found that our customers were really interested in buying milk that did not have the growth hormone," Eberhard said. "We wanted to produce the product our customers were interested in buying.

"We decided about four years ago we would not accept milk with growth hormones," Eberhard said. "When we did that, the quality of our milk went up. What we found is, the dairymen who signed the affidavit that they would not use the growth hormone produced higher quality milk.

"They also agreed to practice sustainable farming, which involves being more careful with feed and pesticides and everything they do," Eberhard said. "They are paid a bonus for following sustainable practices."

Not enough milk cows

In Central Oregon, the number of producing dairies that milk cows has dropped from more than 300 to a handful. Just two hormone-free dairies are left producing milk for Eberhard's, including Steve Putnam's dairy between Bend and Redmond, and a dairy operated by Doug Burke in Terrebonne.

With so few dairies left in Central Oregon, Eberhard said he has to purchase some hormone-free milk through the Milk Marketing Co-op, based in McMinnville.

Three other dairies operating in Central Oregon all attribute their survival to value-added processing, which means they invest more labor and money to take a raw product to a higher level so they can sell it for a higher price to niche markets, such as the green-, health- and quality-conscious consumers.

Jos and Deanna Poland are producing organic milk in the Madras area, and two artisan cheese dairies also have set up shop in Central Oregon, including Tumalo Farms of Bend, which makes cheese from goat's milk and organic cow's milk, and the Sullivan Family dairy, which makes cheese from raw milk produced by their small herd of 60 Jersey cows.

"We made cheese in New Mexico for four or five years. We sold that dairy and came up here and started making cheese in May," said Cher Sullivan.

Currently the family's cellar is stocked with 8,000 pounds of curing cheese, which the Sullivans market under the name Cada Dia Cheese, which means everyday cheese in Spanish, Sullivan said.

Average Number of milk cows

1940: 248,000

1955: 198,000

1965: 127,000

Average annual milk production per cow

1950-99: 18,700 pounds

Since 1990: Between 18,000-19,417 pounds

Source: ODA reports

Average Oregon dairy farm

300 acres

450 cows

Source: Dairy Farmers of Oregon

She's confident that, given a choice, consumers would rather eat cheese from a holistic farm where gentle Jersey cows roam green pastures eating grass, than cheese made from milk produced at a factory farm where cows are kept in stalls 24/7, fed hay and grain, and are given growth hormones to boost their milk output.

Black and white Holstein cows that produce the most milk per pound of feed have displaced brown Jersey cows at most large dairies, but Sullivan said raising Jersey cows is like taking a step back in time.

Adding healthy value

"Because we want our cheese to be healthful, we let our cows graze on green grass," Sullivan said.

The combination of Jersey cows and green grass produces a richer-tasting cheese with butterfat high in omega 3, vitamin E and other nutrients, she said.

"That is what gives us the confidence people will want to buy our natural cheese," Sullivan said.

To minimize the stress on the cows, Sullivan said they are conditioned to milk once a day instead of the two or three times typical at factory dairies.

When making cheese from raw milk, Sullivan said they start while the milk is still warm, within 10 minutes after milking.

To minimize stress on the cows and the cheese makers, the Sullivans take a break from milking and cheese making from the onset of winter, when the cows are pregnant, until April, when young calves are jumping and running around.

"We are just a family of four making cheese. It's a good bit of work, so we need a rest, and the cows need a rest during the winter," Sullivan said.

So far, she said response to the taste and nutritional benefits of their Cada Dia cheese is a hit at Central Oregon restaurants and grocery stores, such as Whole Foods and Newport Avenue Market in Bend.

Flavio DeCastilhos, who makes artisan cheese sold under the Tumalo Farms brand from goat's milk and organic cow's milk, said coming up with a good value-added product, and marketing it well, may be the keys to a revival of small, family-owned dairies.

DeCastilhos said the profit margins are so narrow and the prices are so volatile that it's almost impossible for dairymen to make much of a profit selling milk wholesale.

"Just running a dairy (farm) is a difficult proposition to pencil it out," DeCastilhos said. "We are an artisan cheese producer. We are creating a value-added product that is in demand. That's what makes it possible for us to survive as a small dairy."

DeCastilhos said he markets his cheese through distributors to upscale restaurants and grocery stores throughout the Northwest and parts of California.

Tumalo Farms also sells a fair portion of its cheese online through its website, DeCastilhos said.

The success of Tumalo Farms cheeses also has opened up another market for organic milk produced by the Polands at their dairy near Madras.

“Our new Rimrocker cheese has a majority of cow's milk with a small amount of goat's milk,” DeCastilhos said, adding that he buys organic cow's milk used in his cheeses from Poland Dairy.

“One of the main reasons we want to be organic is because we want to see the cows out in the pasture,” said Jos Poland. “They enjoy it, and it's healthier.”

To qualify as an organic dairy, feed must be grown on land that is free of pesticides and petrochemicals for at least three years. Cows must be on pasture at least four months a year and cannot be injected with hormones or antibiotics, Poland said.

Producing organic milk can cost up to 50 percent more, but it has a higher level of butterfat, which partially offsets the higher cost of production, he said. The couple's largest customer is Horizon Organic, which is one of the region's largest wholesale suppliers of organic milk sold in most grocery stores.

Poland grew up in Holland and operated dairies in Canada and the Eugene area before he met Deanna and bought their 270-acre dairy farm near Madras in 2005.

“The main reason we chose Madras was for the drier climate. The cows are much healthier, as the drier air means less bacterial growth for the cows to deal with,” he said.

“Our goal is to keep producing the best milk possible,” Poland said.

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