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## Dairy farms are finding their own niche market

Localized products can improve profit margin

By Michael Hill

Associated Press

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PLEASANT VALLEY -- It's tough to be a dairy farmer right now. Business costs are soaring and wholesale milk prices are low.

It can be even tougher to raise cows on prime real estate in the mid-Hudson Valley, where many old dairy farms have been sliced up to make way for subdivisions with \$400,000 homes.

"This is the high-rent district, no doubt about it," said farmer Sam Simon, standing in his barn as his milking cows chomped on hay. "But you cannot deny the farmer who has worked for 50 years the fruit of his labor."

Simon's solution to the price pinch is Hudson Valley Fresh, a high-quality milk brand that usually travels less than 35 miles from cow to counter. Consumers willing to pay a bit more get to buy local, and participating farmers fetch a higher price for their milk. Farmers in populated pockets of the Northeast are creating similar local brands to boost income.

"We were basically processing a faceless product; the truck comes and takes it away," said Robin Chesmer, one of the family farmers contributing to The Farmer's Cow in Connecticut. "We're giving an identity to our milk, giving people a reason to buy our milk."

Wholesale prices dairy farmers receive under the government regulatory structure have dropped in recent years. But fuel and feed cost more. Many farmers say it costs them more to produce milk than the price they're getting.

Taxes and operating costs can run especially high in the mid-Hudson Valley areas such as Dutchess County, which has been steadily losing its sleepy, rural flavor as New York City's suburbs push out.

The county has been losing dairy farms at a faster clip than the state, dropping from 67 to 45 from 1997 to 2002, according to federal statistics. There are no county-level records beyond 2002, but Simon now counts 23.

Simon's farm, 75 miles north of Manhattan, lies in a remaining rural pocket among the county's strip malls and subdivisions. He bought the white-barned spread toward the end of his 22-year career as an orthopedic surgeon, wanting to get back to the work he loved since he was a kid growing up on a dairy farm. Simon, 60, always knew he'd lose money milking around 50 cows, but he worried about local farmers without the financial padding he enjoyed.

He helped start Hudson Valley Fresh, under which five local dairy farms started segregating out milk in May 2005 that normally would be marketed by their multistate milk cooperative, Agri-Mark.

Sold in containers with a minimalist green "Hudson Valley Fresh" label, the milk is free of recombinant bovine growth hormone, a controversial substance some farmers use to boost milk production. The milk is not certified organic, but it has somatic cell counts well below the federal guidelines. Simon said cell count is an indicator of a healthy herd and thus milk quality.

A half-gallon of Hudson Valley Fresh costs around \$3, competing with half gallons that retail around \$1.80. But enough people are buying the product to sustain 1,350 gallons a week. Simon said the niche product does well here thanks to a market heavy in suburban parents and city dwellers coming up to weekend homes.

The attractive feature for farmers is that they're guaranteed \$20 per hundred pounds of milk, more than \$7 above the current regulatory price. Simon says the system guarantees farmers a living wage.

"All my milk would go there if they could sell more," said David Coon of Coon Brothers, a local contributor to Hudson Valley Fresh. "We've been losing money on milk all year."

Agri-Mark spokesman Doug DiMento said the co-op is eager to help farmers get higher prices for their milk and supports similar local brands such as The Farmer's Cow and Rhody Fresh in Rhode Island.

The alliances try to make the best of their locations in populated areas.

"What we try to do here in Rhode Island is take advantage of where we are," said James Hines of the Rhode Island Dairy Farms Cooperative. "We felt people would pay a few pennies more to support a local product."

Hudson Valley Fresh farmers remain members of Agri-Mark, which allows them to process their milk separately



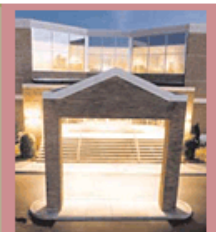
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Sam Simon, who helped start Hudson Valley Fresh, a milk co-operative, chops corn on his dairy farm in Pleasant Valley in this file photo.

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at a local bottling plant. The cooperative, which charges an administrative fee to HVF, still pays the farmers the regulatory wholesale price. HVF makes up the difference with revenues from retail sales.

This allows the farmers to receive a higher price for their milk without cutting themselves off from the co-op system and having to pay for their own processing system.


Simon said sales have been growing steadily, and he is looking at the millions of milk drinkers in New York City and Westchester County.

Being able to skim just a tiny bit of that market could boost business dramatically and allow expansion to farmers around the Hudson Valley -- in Columbia and Orange counties -- to get higher prices for their milk too.

"It's time," Simon said, "to do something different."



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