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Dairy

Farmers Creamery Cooperative facility sale pending

By ERIC MORTENSON
Capital Press

Organic Valley, the nation's largest organic dairy cooperative, announced it will buy and renovate the Farmers Creamery Cooperative in McMinnville, Ore.

The pending sale is the latest turn for FCC. Earlier this year, members accepted an agreement that allowed dairy farmers to apply for membership in the much larger Northwest Dairy Association of Seattle, which includes Darigold. The McMinnville plant was not included in the agreement.

The McMinnville creamery will close and be renovated "to align with Organic Valley's operations," the company said in a news release. The work will include a "significant investment in new equipment and state-of-the-art technology." The facility will reopen in late winter or early spring of 2017, according to the news release. Additional details of the sale were not immediately available.

Organic Valley, based in Wisconsin, represents more than 1,800 farmers in 36 states and describes saving family farms as its "founding mission." Organic Valley produces organic milk, cheese, butter, eggs, soy and other products.

In a news release, the company said its "regional model" means milk is produced, bottled and distributed locally "to ensure fewer miles from farm to table and to support our local economies." Organic Valley has 72 co-op members in Oregon and Washington.

NMPF, dairy co-ops agree to settle anti trust lawsuit

By CAROL RYAN DUMAS
Capital Press

National Milk Producers Federation and member dairy cooperatives have agreed to pay \$52 million in a class action lawsuit alleging the Cooperatives Working Together herd-retirement program reduced the supply of milk, eliminated competition and artificially raised the price of milk and milk products to consumers.

Plaintiffs claimed the program — which ran from 2003 to 2010 and paid dairy farmers to destroy their herds — was responsible for the removal of more than 500,000 cows and reduced the supply of milk by approximately 10 billion pounds, according to court records.

The complaint cites studies by University of Missouri ag economist Scott Brown, commissioned by NMPF to analyze the CWT program, to allege the program was responsible for a cumulative increase in milk price revenue on the farm of \$9.55 billion.

The plaintiffs claimed violation of antitrust statutes and unjust enrichment and had sought a jury trial. The lawsuit was originally filed in September 2011 in U.S. District Court in Northern California.

In Addition to NMPF, the lawsuit named Dairy Farmers of America, Land O' Lakes, Dairyalea and AgriMark — all dairy cooperatives that participated in the CWT program.

Herd retirement was discontinued after 2010, but



Dan Wheat/Capital Press

Dairy cooperatives have agreed to pay \$52 million in a class action lawsuit alleging the Cooperatives Working Together herd-retirement program reduced the supply of milk, eliminated competition and artificially raised the price of milk and milk products to consumers.

CWT retains an export assistance program.

In the Aug. 11 settlement agreement, released last week, the defendants stated despite their belief that they are not liable for the claims asserted and have defenses to support that position, they are agreeing to the settlement to "avoid further expenses, inconvenience, and the uncertainties and business disruption and burden of continued litigation ..."

"Settlement of this litigation is the most sensible and responsible course of action to maintain the current CWT Export Assistance

program and allow us to focus on the future," NMPF President and CEO Jim Mulhern said in a written statement.

"It is important to note that the court has found no antitrust violation and CWT makes no admission of wrongdoing in this settlement," he stated.

Dairy Farmers of America referred Capital Press to NMPF for comment.

The settlement agreement is subject to the approval of the court. The \$52 million settlement will be a combination of cash and in-store loyalty cards to be

used for the purchase of fresh milk products.

The law firm of Hagens Berman Sobol Shapiro, which filed the lawsuit, called the herd-retirement program a conspiracy by the biggest dairy producers in the country in a classic price-fixing scheme and is urging consumers in the 15 applicable states and the District of Columbia to file claims for reimbursement.

Compassion Over Killing, a nonprofit animal protection organization, stated it is proud to have spearheaded the research that led to the lawsuit.

Dairy Markets
Lee Mielke



Dairy prices continue to be mixed

By LEE MIELKE
For the Capital Press

U.S. dairy prices were mixed in the shortened Labor Day Week. The Cheddar blocks reversed two weeks of decline, climbing to \$1.72 on Wednesday, then inched back 2 cents, but closed Friday at \$1.71 per pound, up 3 cents on the week and 1 1/2-cents above a year ago.

The Cheddar barrels, after plunging 24 cents in the previous four weeks, climbed to \$1.66 Wednesday, but closed Friday at \$1.6050, down 3 1/2-cents on the week and 1 1/2-cents above a year ago.

Nine cars of block exchanged hands on the week at the CME and 24 of barrel.

The blocks plunged 6 cents on an offer Monday, as traders awaited the afternoon's World Agricultural Supply and Demand Estimates report, but then regained a penny and a half Tuesday on an unfilled bid, inching back to \$1.6650 per pound.

The barrels shed 3 1/2 cents Monday, with 14 cars exchanging hands, and was down 2 more cents Tuesday, with 10 more cars brought to Chicago and the price falling to \$1.55, lowest level since June 27, 2016. Some wonder if U.S. cheese prices could slip below rising global levels.

Midwest cheese production has slowed somewhat, according to Dairy Market News. "With the seasonal downturn in milk intakes, manufacturers report discounted spot loads are not as readily available. Processors are hesitant to buy additional milk unless they can get a good deal or need it to meet commitments."

"Cheese orders are steady. A few cheesemakers note an increase in orders from food service over the last week. Retail orders for specialty cheese varieties are also strong. Contacts suggest inventories are still a little long, but not to the point of being a concern."

Western cheese output is "relatively steady and consistent with available milk supply," says DMN. "Although milk production is waning a little in the northern states of the region, processors report there are not any major problems getting enough milk for the cheese vats."

Domestic retail and food service demand has been good. Customers are taking regular shipments and helping keep cheese stocks under control. Industry contacts say commodity cheese inventories are long, but sellers are not in a rush to clear stocks.

Generations of dairy workers help plant run smoothly

By MARIA YOUNG
Charleston Gazette-Mail

CHARLESTON, W.Va. (AP) — Homer Lanham started working at the old Valley Bell dairy plant on Charleston's West Side in 1942. When he retired 44 years later in 1986, Homer handed the reins to his son Bruce, who monitors the pasteurization process at the dairy.

Today, at what is now the United Dairy plant, Bruce is showing his son, Matt, the ropes.

If all goes according to plan, by the time Matt is ready to retire someday, the family will have invested more than a century in the same dairy business.

"It's been good. It's a good job," Bruce said. "Good benefits, and all that. That's a good thing to pass on."

It's not easy work, though. The machines are loud, too loud for easy conversation, and they require a certain amount of dark, thick grease to run smoothly. Condensation drops from the ceiling and the metal pipes, making the cement floor slippery.

Bruce and his coworkers

wear white jumpsuits covered with inevitable smudges and stains, and slip-resistant boots to keep from falling. He pauses to wipe the sweat from his brow and checks the levels on a giant tank.

Matt, he said, has proven himself to be a hard worker and a quick learner.

"The best quote I ever heard from him, he came home after three or four weeks of working with me and told my daughter, he said, 'Dad's really smarter than I ever thought he was,'" Bruce said.

He smiles proudly at the memory.

"I knew I had him then." It's a legacy that's important and valuable to his family as well as to his employers.

The dairy processes 1 million 8-ounce bottles of milk for school children in West Virginia, Ohio, Kentucky and Virginia each week. It also processes another 500,000 gallons of milk each week, trucking in the product from farms and co-ops for miles around. On site the raw milk is pasteurized, homogenized and separated into skim, 1-percent, 2-percent and whole milk, and some of it is turned into chocolate and

strawberry milk.

The liquid is kept in holding tanks, then transferred to coolers. At the same time, vats full of thick liquid plastic are being poured into molds, shaped into gallon jugs and carried down conveyor belts where they are slapped with labels and filled.

Still more machines put lids on the jugs and twist them to seal. Eventually they are loaded onto pallets, transported onto trucks and shipped to stores and grocery shelves.

It takes a staff of 53, working around the clock six days a week, to pull it off.

"It's very hard to staff," said Charlie Egnor, plant manager.

"We have a lot of good employees, but it's a demanding business. It's long

hours, it's hard work," he added. "Sometimes you go through two or three people before you get to somebody who wants to stay a long time and make a career of it."

By the time someone has been on staff for five years or more, they've learned to troubleshoot, to prevent problems and to act quickly if something goes wrong.

That's the point at which a worker really becomes important to the task at hand, said Scott Womack, the plant's quality assurance manager.

"They learn the business. They know what it takes to get it done. It's a great relief to be able to depend on those guys," he said.

Homer Lanham died the day after Thanksgiving last year, shortly before his grand-

son Matt was hired at United Dairy. In a way, though, Homer's legacy lives on.

Bruce is a grandfather now. His daughter, a teacher, gave birth to twins just a few weeks ago, and Matt has a little girl named Peyton, who is 18 months old. Whatever Peyton and her new cousins decide to do with their lives, Bruce imagines the work ethic his father instilled in him, and that he instilled in his children, will eventually find its way to the next generation.

"It think it's very important to teach kids ... If you don't teach 'em to work, they don't know how to work," Bruce said. "If parents show a good work ethic, it gets passed down to their kids."

That, he said, is the real sign of a job well done.

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