New York Organic Dairy Task Force
November 4th 2014
DFA (Dairylea) Offices,
5001 Brittonfield Pkwy, East Syracuse, NY 13057

Meeting Minutes

In Attendance:

Fay Benson-CCE Cortland
Liz Burrichter-CCE Cortland
Andre Brito-UNH
Simone Frotas-UNH
Ronan Santana-UNH
Bethany Wallis-NOFA NY
Dave Hardy-Organic Valley and producer (Herkimer County)
Virginia Chamberlain-Alfred State-Fay talk to her about robots on organic dairies
Rachel Smith-Alfred State
Kim Pickard-Dudley-Upstate Niagara
Jerry Snyder-producer (Allegany County)
Carroll Wade-producer (Steuben County)
Tim Terry-Cornell COop Extesion, Harvest NY
Nancy Glazier-CCE NWNY Team
Bruce Krupke-Northeast Dairy Foods Association
Peter Slaunwhite-Horizon Organic
Tom Trinder-producer (Onondaga County)
Emma Andrew-ADADC
Liz Bawden-producer (St. Lawrence)
Bob Zufall-producer
Peter Miller-Organic Valley
Vaughn Sherman-producer (Tompkins County)
Eric Greiner-Byrne Dairy/Byrne Hollow Farm
Jim Gosier-Byrne Dairy
Sarah Johnston-Ag and Markets
10:45 - Industry and Farm Reports
Milk Processors – Milk supply, Retail Situation

- Horizon-increased price paid to farmers as of Oct. 1. Another dollar. Price passed onto consumer starting Nov. 1. We’ll see how sales go. New products-mac and cheese, crackers, etc. Supply is adequate. Growth projected to be 5-7% (Horizon Organic Dairy).

- OV (Peter Miller)-Fall business meetings happening now in New England, NY, PA. Reviewing pay price for 2015. Talk about a pay increase to producers in coop. Bonus dollar nationally Sept, Oct, Nov. We continue to see strong growth with buyers and new players getting involved. Organic yoghurt and cheese nationwide. Supply-wish they had more. Starting winter bonus program soon. Trying to actively collect cream. Shift going on with consumers in stores. High conventional prices slid last week. butter conv and organic both $6/lb, so consumers shift to organic. Passing on pay increase to consumers. If new clients came to them, they’d be hard pressed to be able to supply them.

- Upstate (Kim)-milk supply very strong right now with same producers each year. looks like 5-7% growth. Strong nationwide supply, but looking to grow on retail side, seeing exciting growth. 2 major customers recently had new launches with Greek yogurt. Organic membership very strong right now, and optimistic. Pay price-tend to reevaluate once/year. They did just start a new program recommendation with an increase in pricing, not out to members yet. board did approve some programming changes for 2015. excited about the future of organic. **report back on

- Carroll-any conventional farmers transitioning into program?
  - Horizon, OV-yes
  - upstate-light interest because of the high conventional price, just a few transitioning. drop of $6/cw in conventional milk coming
    - we should convince them to transition when the price is high
    - Liz Bawden-it’s the price of grain (750/ton) that scares them off.
    - Dave-pay price is so difference. grain price doesn’t scare me
    - Fay-yes we need to look at the income over feed cost
    - Bob-he only sees $0.13 more from the increased price

- Bruce-upstate is one of our members, so I can back her up. We filter through all the information so we can report back to our members. In organic, I have three thoughts: right from processor, not enough milk at certain times of year. If there was a way for a winter bonus to even out the flow of milk throughout the year so that the retailer isn’t caught short. The retailer and processor need consistent supply, which isn’t often the case. Anecdotally, I continue to see the impact of organic is growing. Milk sales are growing, except for organic. It continues to climb, while conventional sales continue to decline. But growth is still minimal compared the giant that is all milk sales. But continues to nibble away a few tenths of a percent at a time. It’s a mindset change on the consumer’s perspective. Major lesson learned in export market-looking for consistent supply. Similar issue with organic supply. The space on the shelf is very expensive, and you only get it if there’s consistent supply.
● Sarah—I’m curious about the omega3 additives in milk. How is that going?
  ○ a big seller for horizon (DHA)
  ○ OV—it’s a good seller. We will talk about studies with pasture milk, which has similar benefits. This got to the market first though. They’d rather not have the additive, but the consumers demand it. Whole milk is increasing on consumption.
  ○ Byrne-We have a smart choice conventional milk. Probably OVs approach will be the way to go, so we’re interested in the increase in CLA’s in pasture milk
● Emma-organic sales in retail up 3.4% over last year (since Oct) of fluid white milk.
● Bob-do retailers or processors have any interest in the A2 milk?
  ○ OV-farmer driven program. It may be fleet of food for a smaller processor. We need to not lose money hauling milk. We’re working with other processors with larger volumes. Small niche for consumer. In farmer community, they already know about it.
● Carrol Wade-as an industry, are we doing enough to educate dairy farmers who may not be organic and what the growth expectations are? To encourage them to transition. Sounds to be that Byrne dairy will have a grassfed milk, and we’ll need more supply. Milk prices wouldn’t be a problem if all the conventional farmers transitioned. We need more farmers to produce the milk that the consumer demands.**report back on
● Sarah-I spoke to an organic farmer looking for someone to provide grassfed beef. There is not a uniform definition for grassfed beef. Is that something that needs attention from an industry point of view?

Grain and Feed Supplies
● Fay-How much have prices some down?
● Liz-about $20/ton. There are a lot of new people feeding no grain because they can’t make it work (cut off from feed mill, or didn’t like prices). People out there treading water hoping it works out.

Farmers Experiences
Other Support Agencies (ADA, Certifiers, RMA, etc)
● Bethany-a lot of interest in grassfed. We’re working on putting info together for our dairy and field crop conference-panel. It’s nice to hear new product lines-provides optimism. But to line up transition workshops, it’s a larger mindset jump for conventional farms to transition. Bulk tank expectations change.
● Dave-we do feed grain, and see the price holding steady past few months. I don’t feed a lot of protein in grain, so we run about $640/ton (8-10 lbs), and worth it for me.
● Virginia-we are shipping organic milk now. We’re on the higher input of grain (13-14 lbs/cow). Our prices are up because of soy. Started corn this fall so starting to take some grain away.
● Jerry-since 2009 we have been low grain (about .5 lbs per cow per day, 2 lbs in winter). We have really good forage, and I think it’s really easy to make grassmilk. I won’t compete with those feeding grain and corn silage, but it’s easy on farmer,
checkbook, cow. We’ve got good pasture and good hay—makes it a fun way to farm. I was conventional for 20 years, but this is a different mindset. I would thank OV for bringing me to my understanding today.

- Carroll—we’re no grain for 2 years, just waiting for others to catch up. No route in our area. Hoping for a more efficient route with more farmers transitioning.
- Tom—I have a different situation. Since we have robots, we need grain to entice them through the robots. I’ve found that we can get away with the bare minimum though (about 7 lbs/day).
- Bob—we’ve done grassfed pretty successfully for 7 years. Processors don’t see all the farmers making grassmilk, and the farmers don’t see the processors looking for it.
- Vaughn—When I do the figures, it’s much more profitable to feed a moderate amount of grain. Pay price still needs to be a few dollars higher. I think with grassfed, there’s a danger with management. I’ve seen some grassfed farms where the cows don’t look well. It’s a big management change.
- Liz—our experience without grain—cows look bad and then they start feeding it again. It takes away the tool for taking caring for individual cows that don’t have enough energy. Maybe the industry can develop some new tools for individual cattle that don’t respond well to grassfed. Some cows won’t ever respond well.
- Fay—we just put in a proposal to SARE with Heather Darby to explore the topic of grassfed. Opportunity to ensile things like cabbage, turnips, etc.
- Dave—we look at starch values to see how it affects the omegas. Root crops not allowed on OV grassmilk.
- Fay—PCO only one with a grassfed standard. Functional food is the bottom line, so anything that could maintain that could be reasonable.
- Peter—in Maine, we’re working on a project trying out sugar beets to integrate into the farmer’s feedstuff, at least in the state of ME.
- Jerry—when you’re talking about supply, as a farmer, we have an orchard and didn’t get apples this year. Yields ebb and flow. That’s part of the production, and part of life. How do we deal with that issue with the consumers?
- Bruce—the consumer is king, and has been spoiled. It might be good to bring in a retailer (i.e. Shoprite in NJ). Is there a way to change the production system to make supply more consistent? We can’t expect sales growth annually without consistently.
- Peter—buyers get report cards, and if they can’t buy, lose shelf space.
- Bruce—A competitor, or another alternative. When orange juice is there, they get the space on the shelf.
- Fay—when we were conventional, we had more tools. With organic, the swings of nature affect our farms more.

11:30 Grassfed Market – Identifying the “Functional Food” of Dairy
Overview - Liz and Fay-recorded
Maple Hill Creamery – Brief Overview, Tim Joseph (on the phone)

- We started in 2009 in Little Falls, making yogurt and other products with our own milk. They renovated an old rest into a licensed dairy plant. 100% grassfed niche from the beginning, on top of organic. They started distributing outside local area in Jan 2011. They started to outgrow little milk plant and in 2012, moved to a 6000 sq ft in Stuyvesant, NY. A big leap at the time, but by the end of 2012 it would have been too late to make such a big leap. Expanded since then to work with farms other than their own. They’ve sold their own farm and currently work with 20 farms with more on the way over this winter. They distribute nationally in all 50 states, with a focus on yogurt. Starting to branch out a bit to other products--cheese (helps balance). Yogurt-cream on top (didn’t have a separator or homogenizer at beginning) and low sugar. Low pH tart yogurt because it was just him to start-homemade style. We’re now at the end of this month launching a Greek product. We won’t make it ourselves, but through Byrne Dairy plant in Cortland. 100% grassfed, certified organic, whole milk—that’s where the benefits from grassmilk reside. We also started a few years ago to become third-party certified. There was no legal definition of grassfed, so they started working with PCO to develop a standard. Formed a working group a year and a half ago and came up with a standard accredited last fall. Now certified 100% by PCO. Products will start having that seal now. We think the verification is important just like organic. We hope other similar brands with move in that direction as well--so we can be clear from a consumer standpoint. Many of their farms were existing organic farms, but about 7 or 8 that are brand new or conventional transitioned straight to grassfed AND organic. Also brand new dairies that made the leap. Grassfed may be an important part of getting the next generation of dairy farmers on the farm. Our philosophy is to minimize the fixed costs of the farms (capital, equipment) and purchased inputs, and focus more on management of the farm which has little or no cost (in the farmers’ head). It makes it pretty interesting for farmers starting out fresh going organic and grassfed (makes them more resilient). Those of us that transitioned are still paying for past sins, whereas the new farmers starting with it have an advantage. As little debt and depreciating equipment as possible.

- Question from Fay—what do you see in the future? Do you expect growth to continue?
  - Right now, it looks like growth with continue. This year we grew just over 400%. Next year, at least 200% year over year growth. It’s hard to say because everything keeps evolving as we add products. We’re a known trusted brand with distributors now, so easier to get in new products. Grassfed is at the cutting edge, new standard in dairy, according to CA-based monitoring company. Right now, the sky is the limit. A rising tide raises all boats, and I think we’re still in the rising tide stage of the market.

- What are the threats?
  - Most of the threats are our own (trying to keep up, not screw up). I think the market is still young enough that from our standpoint, there’s not much …the
more products there are that fit organic grassfed, the better. Not a threat, but a complement.

- Bob—we’re been talking about consistency in supply. Are you thinking about that? Do you have enough supply?
  - Yes we’ve dealt with that from the start. We’re getting better at managing that by adding products such as cheese. We have ways to balance our supply outside Maple Hill farms. Our farms also getting more level with production. We do have enough milk to supply our anticipated milk, plus some

- Bruce—what is your definition of grassfed?
  - Grassfed-no grain or corn at any time, no grazing corn with an ear, or small grain with a seed head. Only supplement-molasses. Out of all farms, only 1 or 2 use molasses as energy supplement. Others use it as a mineral carrier. Sits on top of organic, so we don’t have to worry about animal husbandry and land issues. Minerals and kelp also allowed.

- Andre-?
  - Strive toward minimal inputs
  - 1 tote of minerals/year

**Organic Valley’s Milk Pool Study - Peter Miller**
Started Grassmilk in CA because there was a processor, cheese plant, and whole foods (wanted it exclusive). Other stores wanted it, consumers driving it, and we were able to bring it to a national audience, not that it hadn’t been done regionally. We started another program in Wisconsin, and now have 2-3 routes there. In 2014, Dave Hardy has evaluated opportunity in NY. Sales team very interested, and we’re going to run a milk line. We do not homogenize. It’s in a paper board container (can’t see cream line). We’ve got processing plants to put on screw caps-easier to make the milk homogenized the in morning. I will do some overview of internal testing. Feedstuffs affects what’s coming out.

Omega6/3-the lower the ratio the better.
Not a cure all, but a lifestyle. If you consume more of these types of products, probably better off for your health.

Internal program-world’s best milk.
OV whole milk is significantly more nutritious than conventional whole milk.
Wash State study-OV whole milk contain 62% more omega3 than conventional whole milk.
   ideal ratio: 2.3:1 (Omega 6:3)

incentive program-$1/cw/year
   soil improvement
support staff in place they can contact
flax feeding-high forage in winter without flax still had good omega 3
Vaughn - is there a breed that works best?
   Jerseys, Holsteins, lots of crosses
Dave - the farmers doing more fertility on the ground, balanced soil, have the best looking cows, come through the winter better.

Tim - farmers need to remember that pasture is still a crop and requires attention as if you’re growing a field crop.
Carroll - Cows need to grow up on no grain-better acclimated without when an adult
Steve Miller - That’s where PCO doesn’t allow any grain from the calf onward
   Our program is internal, so we have a different approach.
MHC has created a very strict standard
   OV wants a little more flexibility as we develop this nationally.

We’re seeing a limit on energy fed to grassfed cows. Out nutritionist sees this as limiting factor.

We’re looking at more incentives with our producers-cheese.
Fatty acid metric that could deserve an incentive
   There is science review these things
Dr. Heather Darby’s work at UVM-fatty acid content in harvesting time of forages and small grains.
   Farmers feeding less grain and had better forage had the better milk production numbers and omegas

See recording/slides

Tim - how are we reeducating the consumer on this? In here we’re preaching to the choir. How do we get the message out there?
   Time magazine in June-cover on butterfat
   They’re sort of demanding it. We created a product that we didn’t have that consumers wanted.

Carroll - we as an organic industry will not be able to sell this idea until it’s approved by the medical community and recommended as part of a feeding program.

12:30 - Lunch

1:00 - Feeding to Affect Fatty Acids – Andre Brito, University of NH
   Organic Research and Extension Initiative Study on Feeding Flax
   Using Molasses as an energy source and its effect on fatty acids
SEE RECORDING

1:45 - Other topics brought up at the meeting and Next Steps

going to conventional farmers to encourage them to transition

Bruce-MPP workshops, Fairgrounds in Syracuse (Nov. 13), Desmond Hotel in Albany (Nov. 20)

Carroll Wade-Beef checkoff-taking an additional $1.


This Task Force will provide a venue to discuss and develop strategies to grow a sustainable organic dairy industry for New York State. This dialogue will help clarify opportunities and the barriers in the organic dairy industry. The members will represent diverse perspectives from all points of the value chain. The primary outcome of the Task Force will be to identify and advocate for needed communication, education, research and policy initiatives to allow for the production and marketing of New York’s organic dairy products in a fashion which is sustainable; financially, environmentally, and socially.