NY Dairy Family Adds Off-Farm Processing

“We do not have the time to make cheese and we want to sell a good product without the expense of making too many test batches on our own,” says Jeremy Sherman of Jerry Dell Farm. “A conversation with Fay Benson of Cornell Cooperative Extension pointed us toward establishing a relationship with an established cheese maker (Finger Lakes Farmstead Cheese Company in Mecklenburg).”

The Sherman family operates two certified organic farms: one in Dryden, milking 325 cows and one in Freeville, milking 150 cows. To “try-out” the farmer-processor relationship, the Shermans sent just 10 gallons of milk for processing as a test batch. They liked the results.

The first load of 2,700 lbs. of milk was shipped for processing into cheese in mid-August 2011.

The family sells Jerry Dell Farm cheeses from their new off-farm store; to restaurants, retailers and wineries; and at regional farmers’ markets in the Dryden-Ithaca area.

“Depending on our sales volume, I would like to be shipping a load of milk for processing at least once a month,” Jeremy says.
**Step 2: Planning for Off-Farm Processing: Start with Quality Milk**

As with any change in a farm’s business structure, planning is crucial to limiting risk and maximizing profit, whether you are building on-farm capacity or looking to work with an off-farm processor. As you consider how to get raw milk from the farm to a processor and products back to the farm for retail sales, you must start with producing high quality milk. Any farm considering selling a product made from a sole source of milk must first assure the quality of that milk. Beyond good milk production practices, the unique circumstances you have for producing milk, e.g., your location, climate, soils and family history, will help you create and market a distinct product.

**Opportunities for NY Cheese From A Value-Added Opportunity report by Cornell University, 2006**

- 2002 specialty cheese sales totaled $701 million; 2005 sales reached $905 million.
- 22 of 25 types of cheeses saw a gain in 2003 supermarket sales volume from 0.6% to 49%.
- 72.7% of New York City specialty & gourmet shop owners responding to the survey expressed strong interest in having more NY-made specialty cheeses available to purchase.
- Respondents indicated they were willing to pay suppliers an average of $7.25/lb for farmstead cheese and that retail customers would be willing to pay a $14.34/lb. average for specialty cheese (up to $24/lb. in some cases).
- All New York City restaurant owners responding indicated they would be willing to pay suppliers at least $10/lb. with more than 60% willing to pay $19.01-$25/lb.

**Step 3: Selecting the Right Processor**

After milk quality, the cheese maker has the most influence on the outcome of a quality product. It stands to reason that every beginning cheese maker has to make a certain amount of bad batches. Once a cheese maker has experience they can tell which value-added products would best fit the “nature” of a farm’s milk. There are more nuances to a milk’s structure than can be measured just by its makeup of protein and fat. This is referred to as the milk’s “gout de terroir” or taste of the soil.

As you interview prospective processors to develop your business and marketing plans, ask about their costs for producing your desired product. A 2006 Cornell survey reported average processing costs: for cheese: $3.37/lb.; for yogurt: $20.77/gallon; and per gallon fluid: $2.38.

**Step 4: Licensing**

- If you will be moving less than 3,000 lbs. of milk (makes approx. 300 lbs. of cheese) to a processor per month, you do not need a milk dealer’s license.
- Regulations and inspections during milk processing are handled under processing plant’s license.
- The simplest method to go from newly-processed sales is to have the transport, cheese cave, and cutting and wrapping are covered by the cheese house license.
- After the milk is processed, the New York State Department of Agriculture & Markets requires two levels of licensing for the sale of processed dairy products; one covers the display of a dairy product; the other covers aging, cutting, wrapping and display of the product.
- If you want to cut and wrap and sell products retail at your farm, contact Evelyn Miles with NYS Food Safety, 900 Jefferson Road Suite 1200, Rochester, NY 14623, 585-427-2273, about:
  - Article 28 Display License allowing on-farm store to keep wrapped or packaged products in a refrigerated display case for retail sales; $150/yr;
  - Article 20-C License allowing the cutting and wrapping or any minor food processing (e.g., cooking hot dogs or heating a pretzel); $400/yr plus a hand washing sink, 2-3 bay sink for utensil washing, one-time Nitrite Water Test, quarterly Bacteria Water Test, and annual Nitrate Water Test are required.

**Step 5: Transporting Raw Milk to the Processor**

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- If you will be moving less than 3,000 lbs. of milk (makes approx. 300 lbs. of cheese) to a processor per month, you do not need a milk dealer’s license.
- The simplest method to go from newly-processed sales is to have the transport, cheese cave, and cutting and wrapping are covered by the cheese house license.
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**Step 6: Direct Marketing and Retailing**

**Is Dairy Processing in Your Future?**

By first working with an established processor, you can learn if you will be successful at developing markets and profitably selling your own value-added products. This experience will help you decide if an off-farm cheesehouse or other value-added processing facility would be a good investment for your farm.