



Cows leaving county in record numbers as some farmers are ...

Going for greener pastures



Dairy farmer Dan Landolt stands inside his empty flat barn milking parlor. Landolt sold his entire herd of 140 animals in this summer. After 32 years of farming in a flood plain, he is looking forward to not having to cope with flooding. Landolt and 10 other Tillamook County dairy farmers have sold their entire herd in the last 20 months.

Factors may include economic pressures, flooding, generational changes, even some 'tiredness'

By DENISE PORTER
Tillamook Herald Staff

TILLAMOOK — Dairyman Dan Landolt can't believe he won't be rising at 4 every morning this winter to milk cows. For the first time in 32 years, Landolt's barns are empty. Every one of his 140 cows and calves were sold early this summer.

"I'm looking forward to getting through a winter in peace without flooding and without working my tail off to go a little further in debt every month," he said. "Every morning I wake up and think, 'I don't have to deal with this mess anymore.'"

Since January 2006, 11 dairyman have completely sold their herds. More farmers have sold a significant portion of the milking herd, but remain in business.

Whatever each farmer's decision is, cows are leaving Tillamook County in record numbers, and the potential financial blow to Tillamook County's economy could be significant.

Oregon State University estimated the value of dairy products sold from Tillamook County in 2004 to be \$99 million.

The latest U.S. census, taken in 2002, valued each county's farm's agricultural products sold at \$267,110. Based on the 2002 census data, a loss of 11 dairy farms for Tillamook County in 2007 would mean a loss of nearly \$3 million in products sold. This figure does not incorporate the loss of income from employment at each farm, or the business's

See COWS, Page A12

COWS

Continued from Page A1

Tillamook County retailers lose from fewer farmers purchasing supplies.

The same 2002 census reported farms county-wide employed 830 workers and had a combined payroll of \$9.2 million.

The TCCA connection

Mark Wustenberg, TCCA's former liaison, said it is hard to quantify exactly how many of the estimated 40,000 area cows have left the county. But, he suspects there is a certain amount of tiredness, overcrowding of barns, generational changes, high prices of cattle outside the county and flood and weather stressors contributing to farmers' decisions to sell cattle.

According to the Seattle Federal Milk Marketing Association, (FMMMA) which tracks milk volumes across the Pacific Northwest, in the 20 months from January 2006 to August 2007, TCCA has dropped 11 farms — from 132 producers to 121, representing a decrease of 9 percent. Milk production, however, has increased 7 percent over the same period of time.

The increase in milk production, Wustenberg said, can be attributed to Tillamook-area farmers following the national trend of increasing milk production per cow and milking larger herds.

"Statistically, a person would still see that the herds in this county are much smaller than the national average," he said. "But still, the average size is getting larger."

He also mentioned that while the county has seen a larger percent of cows leaving this calendar year than ever before, the number of dairies has been dwindling for quite some time. In the mid 1980s, Wustenberg estimated, there were 220 or more farms. The number of acres in production agriculture, however, has stayed close to the same.

Global pricing impact

Due to its prominence in the cheese market, and strong demand for product, TCCA is able to pay its members a yearly contracted base milk price — typically several dollars higher than farmers outside the county receive, according to Wustenberg.

Outside of Tillamook County, many other farmers ship milk to milk processing plants reliant on the fluid milk market, which according to Wustenberg is more volatile, pays less money, and may not guarantee a set price beyond the FMMMA's base price.

In January 2007, the average Federal Class III blend price for all northwest produced milk was \$14.33 per hundred pounds of milk. In comparison, Wustenberg said TCCA's guaranteed price was "somewhere in the range of \$16.50."

This year, Wustenberg said, due to global factors such as severe drought in Australia and New Zealand, European subsidies, a general supply shortage, and the current weakness of the American dollar, the world demand for powdered milk caused the demand for U.S. milk to skyrocket.

For the first time in history, the FMMMA reported an increase in pay of 36 percent (from \$14.33 dollars per hundred pounds of milk produced to \$22.39) for Northwest dairy farmers other than TCCA producers from January to September 2007.

Across the county, large dairy farms began looking to increase herd sizes and capitalize on the strong milk price, Wustenberg said. This drove the price of cattle higher and higher. The problem, he said, is gauging how long the prices will hold.

High operating costs and severe weather

While TCCA milk prices have been stronger than other markets over the past five years, escalating operating costs are a major concern for profitability.

Last fall, many farmers reported straw prices — due to inclement weather in 2006 — nearly doubled, grain rose from 15 to 25 percent higher, and fuel costs have been high for several

years. Corn prices, also are a concern, due to the ever increasing ethanol demand placing more corn acres into ethanol production instead of crop production. This leads to higher corn prices for farmers.

One farmer said, "There isn't a week anywhere. Every operating cost has increased drastically, and our price of milk just can't compensate."

TCCA has increased its payout for September and October 2007 milk, as well as adding a bonus for sold dried whey earlier this summer, but the raises may be temporary, according to the farmers.

Weather, too, is a financial factor. Last November's flood and December's power outages are two examples of unplanned monetary setbacks.

Landolt said he's weathered persistently worse floods in his lifetime, which ate into his profits.

"Look, it's not as though I was buying new tractors or fancy vehicles," he said. "You can't when you have to clean up your farm from each flood."

Dairywoman Sharon Shreve and her husband, Mike, farmed on the Wilson River for years. Their farm was for sale during the November 2006 flood. The flood left nearly all of the couple's 125 acres of pastureland ruined and, shortly after, the farmers sold the entire herd of cows.

"I told Mike, 'it's stupid not to sell the cows. We have no grass, it's the middle of winter, and we'll have to feed the cows (more expensive) winter feed (hay) well into the spring before we can clean up this mess,'" Sharon recalled. "Even though the farm wasn't sold, we sold the cows."

Retirement choices

Two dairymen, Dave Hale and Richard Heathershaw, both of South Tillamook County, cashed in on the high price of cows and began the transition of one generation on the farm retiring to make room for the next.

"We were overcrowded in the barns, and I was offered a lot of money for the herd. A buyer came in, said 'you choose your top 30 cows, and I will take 200 of the 230 left,'" Hale recalled.

"Loading them on the trailer was hard. I've spent my life cultivating our Holstein bloodlines, but in the end, my mind was firm with my decision."

That left me with 60 milk cows, and 200 sold at \$2,500 each. We kept all of the heifers, and I'm guessing it will take less than two years to be back up to milking 200 cows."

In the meantime, Hale said, he paid off some debt, kept some money for next year's anticipated taxes, and now has enough grass and corn to feed his heifers through the winter.

"This will also give my boy (Gary Hale) a chance to decide if he wants to take over the farm. I'll be 60 next year, and its time to slow down."

Heathershaw agrees with Hale. Son Ralph wanted to purchase the farm and a buyer offered \$2,000 each for 150 of the farm's Jersey cows.

"This was a way for Ralph to retire some of the farm's debt," Heathershaw said. "He kept all of the heifers."

Landolt believes he received "\$400 to \$600 more" per cow than he would have last year.

"That's substantial," he said.

"I had the opportunity to cash in on a high market," Hale said.

"This option is not right for every farmer. You have to have a small debt load (in order to cash flow selling a substantial number of cows.)"

Heathershaw and Hale believe the price for milk outside of Tillamook County will drop over the next year.

"The outside market will come down, I think at least \$5 (per 100 pounds produced), and maybe as early as next spring," said Hale.

"I don't think the national milk market will stay strong," Heathershaw agreed. "As usual, large producers will buy cattle, flood the market and send prices down. Selling animals right now gives small farmers the chance to make capital off of the large farms. The price for cows goes up, down, and all over the place."

He added, "But this year, it was a good time for us to make the decision to sell."