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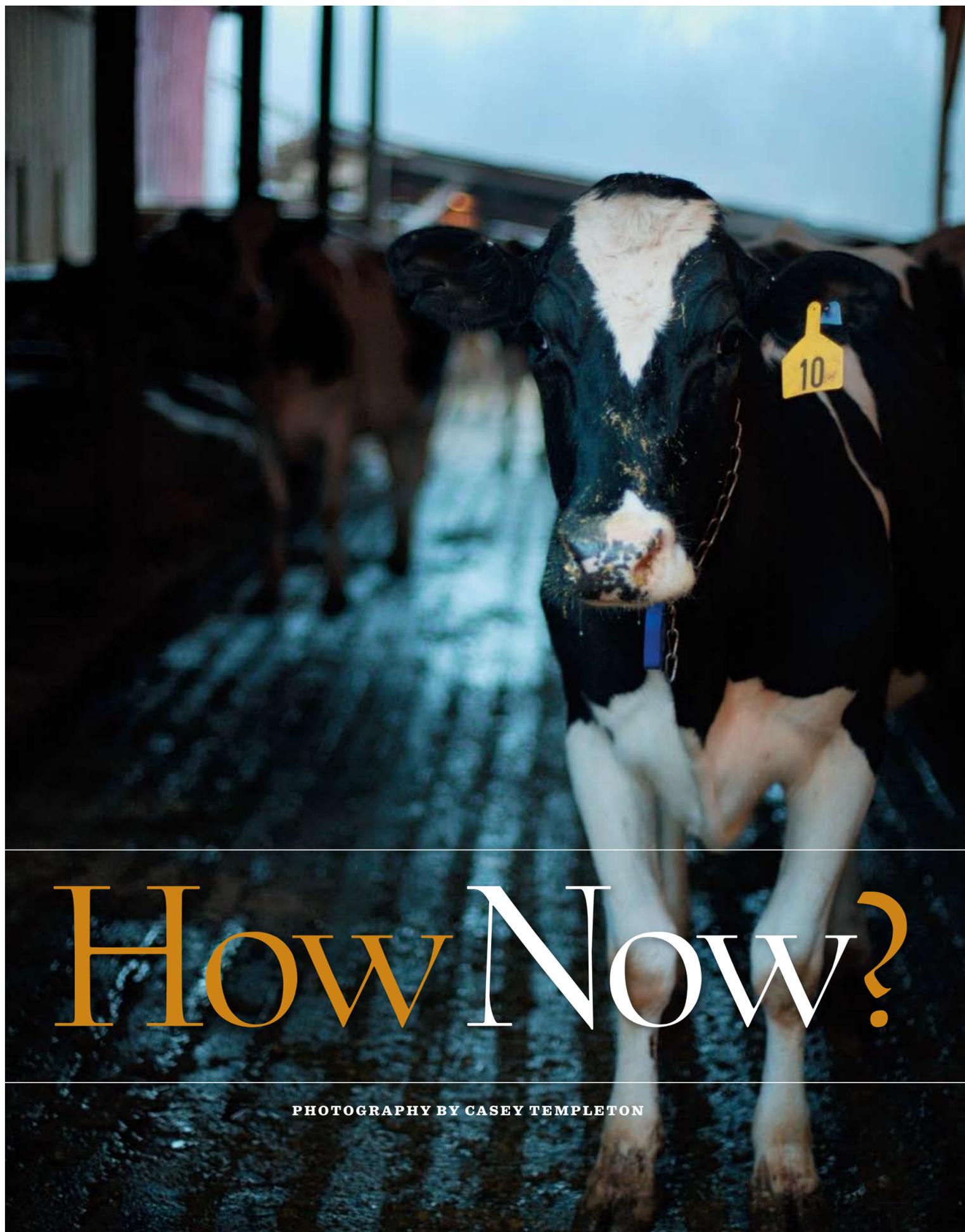
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# How Now?

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As everywhere in America, small dairies have largely disappeared from Virginia, casualties of the mass production realities that have revolutionized the agricultural industry. And yet, a few old-fashioned holdouts still sell milk in glass bottles and deliver it to customers' doorsteps. Is it a niche market—or the front end of another shift in the industry? By LEE GIMPEL



The farm of the Montgomery family, owners of the Homestead Creamery in Burnt Chimney.

Today, the family operates Bergey's Bread Basket on the site of its erstwhile farm and dairy. Inside the restaurant and bakery are tables made of slats from the wooden crates in which the bottles from other going-out-of-business dairies had arrived. Under the smooth lacquer, one can clearly see an honor roll of dairies past—Woods, Purvin, Anson's, Dallas, Grablick. The tabletops are at once a nostalgic tie to the bakery's heritage and a memorial to a nearly extinct way of life.

Like the black and white spots on a Holstein, the United States used to be dotted with dairies like Bergey's—the local institutions responsible for America's strong bones and healthy teeth. For decades, they were the firms that employed fleets of drivers in white uniforms and jaunty caps, who were up before the roosters and left frosty bottles on their dozing neighbors' stoops. A few decades ago, it seemed every town in America—or, at least, every other one—had its own dairy. Today, there are fewer than 400 nationwide, according to the U.S. Department of Agriculture (USDA), including many big multi-state companies like Dean Foods and H.P. Hood LLC. "I have file after file of counties all across the state that had local milk co-ops," says Dale A. Gardner, executive secretary of the Virginia State Dairymen's Association.

As the nation's dairy industry has shrunk, so has Virginia's. Nowadays, there are only half-a-dozen dairies in the state—nearly all of them big operations that process milk bought from standalone farms—and but two that fit the traditional community mold. They are Yoder Dairies, founded in 1929 in Kempsville by Amish farmers, and the Homestead Creamery, only seven years old and based outside Roanoke, in Wirtz. Both deliver bottled milk and other products to their local customers. Save for them, the small, local dairy has been put out to pasture in Virginia.

While most of us never think of the socioeconomic forces behind the milk we pour over our breakfast cereal, the reasons behind the consolidation of the dairy industry are almost self-evident. In many ways, it all started with the unassuming refrigerator. At 32 degrees, milk stays good for 24 days; but at 60 degrees, it lasts only a day. Thus, before refrigeration, customers needed milk frequently. And there were limits to how much milk farmers could keep in storage and how far they could travel to deliver it. This all changed when mechanical refrigerators became a necessity in homes (in the 1940s),

and when refrigerated trucks (which arrived in 1949) and other transportation improvements made possible the distribution of perishable products over long distances.

These changes, and others, meant that dairymen could farm out bottling and broad-scale distribution to big, centralized dairies. Cheap milking buckets gave way to expensive automated pumps and tubes, which could do the work of 10 men with bulging forearms. "There may have been a few [farms] milking commercially by hand in the '40s, but by 1950 that was pretty much all gone," says Joe Bavido, director of industry relations with Dairy Management Inc., a trade group that works on behalf of dairy producers.

Also, in the post-War period, local markets morphed into veritable supermarkets, where one could shop for everything for the table—milk, eggs, bread and vegetables—under one roof. The trend of small, local firms giving way to, first, national companies and, nowadays, to global behemoths like Wal-Mart and others hasn't stopped.

It's not just small, local milk processors that have fallen prey to economies of scale, of course. The small dairy farm is a relic, by and large, too. While dairies are memorialized by their branded bottles, there is nothing to commemorate a former farm. From 1965 to 2007, the number of dairy farms in Virginia decreased by 97 percent—from 37,000 farms to only 1,200 last year, according to the USDA.

Still, nearly all the country's dairy farms remain family-owned and operated. "Loudoun County used to be the number one dairy county in the state of Virginia," says Gardner. "You drive up Route 7 now, you see old, abandoned farms. Nothing makes me sadder than going by and seeing an old milking parlor that has weeds growing up through it, or what was once a beautiful farm that's now a tract development. It is very sad. Today, there is one dairy left in Loudoun County, which used to be one of the most beautiful dairy counties, really, in America."

As the number of farms has decreased, the average herd size has increased. In Virginia in 1950, there were some 42,000 farms with only one cow, whereas, according to the Southeast United Dairy Industry Association, the average herd in 2006 was 132. At a cost of about \$1,700 per head, adding cattle is not cheap. Further, farmers feel compelled to get ever more milk from each cow, which means, among other advances, turning to artificial insemination to breed better calves, thanks to the ability

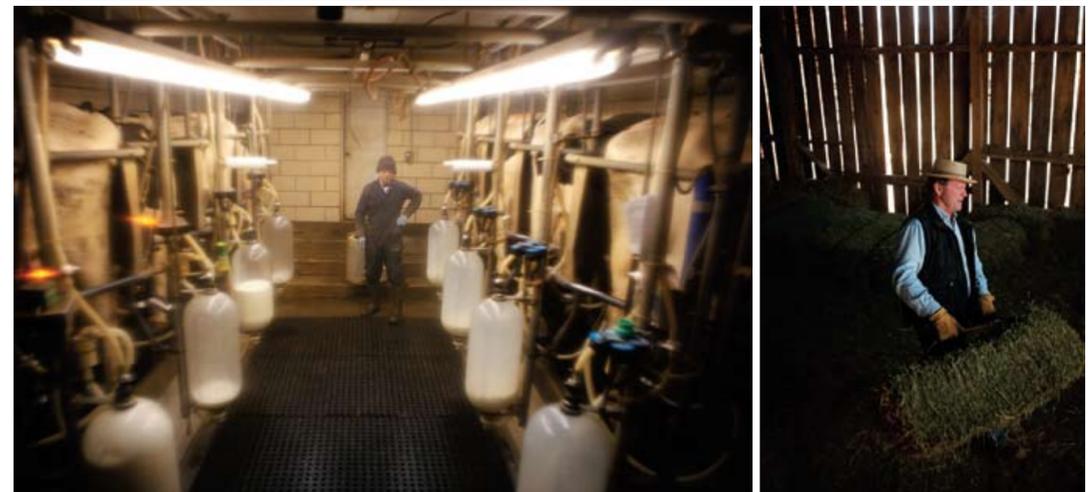
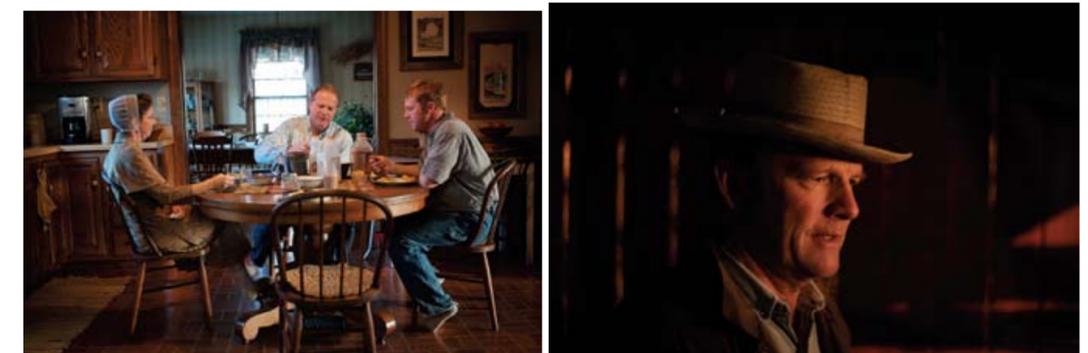
to tap bulls from around the world. Giving hormones to cows can boost milk yields more than 10 percent. "Milk production has changed dramatically across the country," says Dan Myers, 68, the owner of Walkup Holsteins in Dayton, near Harrisonburg. "When I was a youngster, we were talking about 12,000 pounds [of milk] per cow per year. Today, the average in Rockingham County is over 20,000." One gallon of milk is equivalent to 8.6 pounds.

Beyond the more basic economic

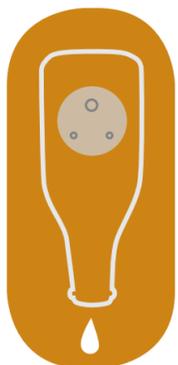
challenges, dairies must confront a beverage market that's become highly diversified—with shelf upon shelf full of drink products. Even for huge dairy cooperatives, getting people to the point where they've still "got milk" can be a challenge, says Scott

Garrett, general sales manager at Marva Maid Dairy, the Newport News-based co-op with 1,600 farmers. "Coke, the juices, the waters: They're our competition," says Garrett. "We're not an island anymore." Against this bleak backdrop for

**Clockwise from top left: the Montgomery family (Charlotte, Donnie and son Jamie) enjoying breakfast together after a long morning of work on the farm; Donnie Montgomery, co-owner of Homestead Creamery; Donnie unloading a delivery of hay for the cows; the milking shed at dawn; Justin Rutrough, 24, nephew of Donnie Montgomery, who works at the farm; Justin milking the cows—a task he performs twice daily, starting at 4 a.m. and then again at 4 p.m.**



**For more than 20 years,** Chesapeake city dairy owner Harold Bergey was stocking up on glass milk bottles, purchased on the cheap from other dairies. It was a buyers' market: Most small dairies like his had disappeared over the years, selling off their assets as they faded away. Bergey's Dairy, started by Harold's grandfather in 1933, was one of the few survivors. Bergey credits the firm's resilience



to the fact that his parents had seven children who all worked in and around the dairy operations for many years, and each had his or her own skill, whether raising livestock or fixing machinery. But then time seemed to catch up with Bergey's: Some of the children left the family business, consumer buying habits changed—and the firm needed a new waste-disposal system it couldn't afford. In 2005, Bergey's, too, gave up the ghost. It was another victim of the economic forces that have swept through the agricultural industry over the last 50 years.



community dairies, Homestead Creamery and Yoder Dairies are stubbornly holding the line against mass production and mass marketing, each trying to preserve a way of life. Located on opposite ends of the state, some five hours apart as the milkman drives, both still use iconic glass bottles and offer home delivery. And, in addition to pasteurized whole, skim, 1- and 2-percent, both are some of the very few providers of what is now called "cream line" milk, which in the past was just "milk": the pasteurized but un-homogenized product in which the thick cream rises to the top.

Yoder and Homestead trade on nostalgia, to be sure, but it takes more than quaintness to turn a profit. Both use bottles because their customers think milk tastes better coming out of glass containers, and the reusable bottles are friendlier to the environment. Bottles also give each firm a means of differentiating their main product in a cluttered marketplace—a counterbalance to the standard 20<sup>th</sup>-century packaging—plastic.

"We decided that we needed to do something to set us apart from everybody else that was selling milk," says Jamie Montgomery, 30, co-owner of Homestead Creamery, which, unlike Yoder, has its own herd of cows. "If we had started processing our milk and put it in a plastic carton and on a shelf next to everybody else's, and charged a little bit more for it, why would anybody buy it?"

The Montgomery family farm has been around for 79 years, and for most of that time they simply sold their milk to processors, who in turn sold it to consumers. Then Jamie, his father and his brother decided to change tack, bypassing the middleman and selling the milk directly to customers. The idea, says Jamie Montgomery, was to market "a value-added product ... set our own price for milk, and get a consistent price so we could budget a little better than we could before." He notes that commodity pricing can be quite volatile. The Montgomerys added home delivery in July of 2006. Each of their four trucks is capable of serving 350

customers, delivering not only milk but also, in a nod to the new realities of the business, ice cream, butter, eggs, bread, frozen vegetables and even frozen pizzas.

**In Virginia Beach,** the street signage for Yoder Dairies touts a business that "specializes in home delivery"—a tag line that's easily associated with, say, a Chinese restaurant but is a discordant claim for a dairy today. The sign sits by its lonesome on 1.3 acres of open land, which wouldn't be unusual except that the field is set amid the area's strip malls and ranch houses. A little more than a year ago, the old Yoder Dairies building occupied the space, but when the company erected its new plant on the same site in 2006, it promptly knocked down the old one, built in 1939.

Inside the new facility are gleaming stainless steel tanks and tubes, all computer-controlled. A few steps away, the sour smell of bulk milk gives way to the pungent, earthy aroma of fresh-baked breads and pies



Each of Homestead's four trucks is capable of serving 350 customers, delivering not only milk but also ice cream, butter, eggs, bread and even frozen pizzas. "We do some farm tours, and people come in and they can see where their milk came from," says Jamie Montgomery. "I think that's a big deal with some people."

in the adjacent farm store-cum-café-cum-ice cream parlor. "We couldn't support the store with just milk," says Maria Olah, the general manager of Yoder and the daughter of Ken and Elsie Miller, who bought the business in 1996. Olah says her father "saw a good thing and didn't want to see it die." Both his father and grandfather had worked for the company. In addition to milk, Yoder also produces its own ice cream, butter, buttermilk, half-and-half, whipping cream, eggnog, crème fraîche,

a line of juices, iced tea, baked goods and even a new Southwest dip—doubtless a product that the founders wouldn't have envisioned in the 1930s. The store also carries farmstead cheeses and free-range eggs that Olah says fly off the shelves. It underscores that survival in the churning dairy industry—at least for smaller competitors—means being smart and not just doing what the last generation did.

Ironically, Yoder and Homestead might be on the front end of another shift in the agricultural industry. A small but growing number of consumers are resisting agricultural corporatism—mega-farms, hypermarkets and the reputed 1,500-mile average journey that fruit and vegetables make from the farm to the tables today—and instead have embraced the "slow food" or "local food" movements. They aim to blend

health and nutrition, social values and environmentalism through the purchase of only locally produced foods. As the thinking goes, food grown or raised across town is preferable to food that spends days being carted across country—it's fresher, tastier, healthier. Local food, say its advocates, creates a holistic producer-and-consumer "ecosystem" and minimizes pollution. The farm also becomes more accountable to its neighbor-customers. The local food movement dovetails with a concurrent push towards organic food. Although neither Homestead Creamery nor Yoder Dairies is certified organic, both adhere to natural farming methods and eschew the use of the hormones that induce cows to produce more milk.

"We're serving a niche market—we're not getting a large percentage of the population," says Homestead's Jamie Montgomery. But it's clear, he adds, that "people like the idea that [our products come from] Virginia.



Four generations of the Montgomery family on their farm in Burnt Chimney. From left: Brandon (29) and his son Grayson (3), Donnie (55), Daniel (79) and Jamie (30).

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To Yoder's Olah, who sees a potentially detrimental link between the introduction of hormones in farming and childhood health, perpetuating her Mennonite family's community dairy gives her an opportunity to provide a local, natural product. "I will not put a product out there if I know that, in my honest opinion, it's wrong," she says. According to Olah, customers buy her firm's milk precisely because it is not treated with hormones.

The mentality is much the same at Hedgebrook Farm in Winchester, where Kitty Hockman-Nicholas oversees a dairy operation begun by her father in 1949, four decades after her grandfather started the farm. For 20 years after she came back to the property in 1977, Hockman-Nicholas



"You have to be really diversified," says Hockman-Nicholas. "You can't just have dairy cows—you have to do other things to bring in income."

raised her cows in the typical commercial way. After getting interested in more natural production, she put Hedgebrook on a new path 10 years ago. Today, the farm owns about 50 Jersey cows, of which no more than 20 are milked at one time. Hockman-Nicholas, 65, prefers to keep the operation modest and manageable.

Years ago, Hedgebrook sold milk to Haldeman's Creamery in Winchester. Although HP Hood LLC—a Massachusetts-based giant that claims annual sales of \$2.3 billion—has replaced Haldeman's as a buyer for some of Hockman-Nicholas' milk, the secret behind the success of the small farm is not its relation-

ship with a big processor but rather its "cow boarding" program. Known elsewhere as "cow sharing," it is akin to other community-supported agriculture (CSA) programs, where individuals buy a share of a farm for which they receive a commensurate portion of its earthly bounty. Such cow sharing programs, offered by a number of farms around the state and the country, generally charge a one-time ownership fee of about \$50, a one-time fee of about \$15 for bottles and a monthly boarding fee of \$20 to \$30, for which each partial owner typically receives a gallon of milk a week. The boarding fees work out to about \$7 per

gallon—a bit more expensive than at the state's supermarkets that typically charge about \$6 for a gallon of organic milk. Bottled in glass, the gallons are either picked up at Hedgebrook by its northern Virginia clientele or the farm will deliver them for an extra fee.

Hockman-Nicholas says those with a cow boarding stake are getting high-quality, natural milk and can drop by whenever they like to check on their animal. They also get un-pasteurized, or "raw," milk, which Hockman-Nicholas and a national subculture of aficionados consider superior to processed milk, but which is illegal to sell because of health codes. It is, however, legal to drink raw milk from your own cow.

If the cows' multitudinous owners feel a particular kinship with the farm, they can stay the night at Hedgebrook's bed-and-breakfast, another revenue-producing innovation that has kept the family farm afloat and, Hockman-Nicholas hopes, in a healthy state for the future. "You have to be really diversified," she says. "You can't just have dairy cows—you have to do other things to bring in income."

Agriculture's return to its roots, and the growth of the organic market, are encouraging but may be too little, too late. It's highly unlikely that exurban developments will be razed throughout Loudoun County, for example, to return the land to its former pastoral splendor. Still, there may be some hope that the local-food movement can slow the demise of small dairy farms.

Jamie Montgomery says that, based on Homestead's success, there has been interest from other dairymen who see the potential to keep their farms profitable by adding value with their own micro dairy. Whether small dairy farms will indeed survive, whether there will be a resurgence in local dairies, remains to be seen. But for Montgomery, just laying the groundwork for another generation to work the family dairy farm is comfort enough for now. His brother's 3-year-old son would represent the farm's fifth generation. "Everything you hear is how you have to get bigger, you have to milk more cows to be able to sustain your farm. We didn't really want to do that. It would be nice for the farm to continue on. That's one reason we started the creamery."



Left: Homestead milkman Shane Jackson delivers milk to houses in Roanoke on a Tuesday morning in February. Jackson starts at 5 a.m. and works 12-hour days. Left, bottom: Ismael Martinez, a seven-year Homestead employee, loads bottles into crates. Right: customer Ellie Roe enjoys an ice cream cone; bottom: milkman Roger Neice behind his Homestead delivery truck.



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