



PHOTO BY THE AUTHOR

DALHART'S DAIRY BOOM

Is the Texas Panhandle on track to be the nation's next dairy leader? by Catherine Merlo

From Amarillo, Texas, the drive northwest to Dalhart, Texas, is surprisingly stress-free—a 90-minute journey through gently rolling plains that stretch in all directions to the horizon. Only the occasional grain elevator and sprinkler pivot rise from green fields to break the vast view of land known as the Texas Panhandle. It's easy going all the way.

The same could be said for anyone interested in exploring the dairy possibilities here. Ever since Hilmar

Cheese Co. announced in 2005 that it would build a \$190 million cheese plant in Dalhart, a seeming exodus of people has been converging here.

They're coming from all over—California, Idaho, Wisconsin, Minnesota, Denmark—lured by a dairy boom that's changing the conventional wheat-and-beef dynamics of this once-quiet farming region. They're producers, processors, herdsmen, researchers, dairy contractors and suppliers, anyone with

an eye on the future of dairying.

Dalhart (population 7,500) is “the most exciting opportunity in the country for dairying,” says David Moore, executive director of the High Plains Dairy Council.

Five years ago, Moore helped launch Dalhart's vision to become a successful dairy center. “We were looking to bring more markets to our community to consume what our farmers grow,” he says.

Those efforts helped attract the new Hilmar Cheese plant, which has largely spurred Dalhart's dairy development. Now under construction on Highway 385 about two miles north of town, the cheese-manufacturing facility is on schedule to open in October.

As a result, 10 large dairies have sprung up in a 30-mile radius of Dalhart, with another five facilities under construction. They promise a combined capacity of 36,000 milk cows. Three years ago, the area counted just two dairies.

One of the latest to join the area's dairy expansion is California-based Pacific Cheese Co., a leading processor and dairy product distributor. In May 2007, it announced plans to build a processing plant in nearby Amarillo. Pacific Cheese is a long-time Hilmar Cheese customer.

Drawn by the state's friendly regulatory environment and a welcoming community that provided

DAIRIES EYE TEXAS

→ Dalhart, Texas, has attracted at least 13 new dairies in the last three years.

→ The new Hilmar Cheese plant is scheduled to open in October 2007.

→ Visit www.highplainsdairycouncil.com.

economic development incentives, Hilmar Cheese broke ground on 40 acres of corn stubble just outside of Dalhart in April 2006.

"We're building the plant because there's strong demand for cheese, particularly our cheese," says David Ahlem, site manager of the new Dalhart facility.

Ahlem cites the "stable regulatory process" in Texas as one of the major reasons to build in Dalhart. "There's a common-sense approach to regulation in Texas," he says. "It's a can-do environment."

Hilmar Cheese was also drawn to Dalhart's arid, wide open spaces. "It's not confined," Ahlem says. "We'll also have a state-of-the-art water treatment plant."

That's a sensitive point with Hilmar Cheese, which wants to avoid the water-quality woes it endured at its California plant in 2005. Cited for violating regional water quality regulations by discharging wastewater on land next to its processing facility, Hilmar Cheese paid \$3 million in fines.

Smaller than its sister facility in California, the Dalhart site will be capable of receiving 5 million pounds of milk a day in Phase I. That compares to a daily intake of 12 million pounds at the California plant.

"Yes, there will be adequate milk in the region for our plant start-up," says Ahlem, whose father was one of the founders of Hilmar Cheese in California. Products will include Cheddar, Colby and Monterey Jack, plus whey protein concentrate.

Ahlem, 33, brought his wife and child from California; a new son was born in Texas in April 2007. Ahlem says his is one of 15 families that have relocated to Dalhart from California. "We're bringing in a lot of experience," he says.

The Hilmar facility is also bringing in dairy producers. For them, feed availability is a big draw; 57% of all



PHOTO BY THE AUTHOR

Several Hilmar Cheese Co. owners gather at their new 14,000-head heifer ranch near Dalhart. (Kneeling from left) Mark Ahlem, Aaron Wickstrom, Vance Ahlem, Deborah Rovey and Tamara Rovey. (Standing from left) Richard Clauss, Vern Wickstrom, Tim Wickstrom, Jim Ahlem, Chuck Ahlem and Eric Rovey.

irrigated corn and 70% of all corn silage grown in Texas comes from within 50 miles of Dalhart.

Water is plentiful too. Drawn from the vast, eight-state Ogallala Aquifer, it's considered good-quality water with minimal salt content.

If there's difficulty, it might be the weather. Winters can bring 11" to 12" of snow, and there's often a driving wind. Rainfall reaches more than 18" a year. The area posts average temperature highs of 69°F and lows of about 40°F. That's colder and wetter than California's San Joaquin Valley, but certainly warmer and drier than many other areas of the country.

To ease the brunt of the area's thunderstorms, ice storms and hot summer sun, new dairies are incorporating storm shelters, windbreaks and barn curtains into their design.

One California dairy producer who relocated to Dalhart is Richard Avila (see Avila's "Dollars and Sense" column on page 5). His new Avi-

Lanche Jerseys Dairy sits on Highway 385, 10 miles north of the new Hilmar Cheese plant. Avila and his wife, Jennifer, co-own the new 2,400-cow dairy with Donnie and Elsa Sherman, Jennifer's parents.

The dairy started milking cows in January 2007, and formally celebrated its debut May 8 with a grand opening that drew more than 300 visitors. The day marked a milestone in the year-long journey that took the Avilas and their two young daughters from their two 600-cow dairies in Hilmar, Calif., to a new life in the Lone Star State.

Avila is still smiling about his new \$8.2 million dairy, which came in \$25,000 under budget. Some of its features, he says, are unique. The Saudi/pack barns, for example, are open corrals under roof. Curtains along the open-sided barn walls can close to protect the animals from inclement weather. Sand and composted manure serve as soft-pack bedding for the cows, and are tilled daily.



David Ahlem, site manager for Hilmar Cheese Company's new plant in Dalhart, Texas, is one of 15 families who have relocated to Texas from California with the cheese company.

There are no lanes to flush, and Avila says he sees no need for the dairy to use a methane digester.

The 62-acre dairy was designed for easy cow flow; lanes make a straight shot to the milking parlor with a minimum of gates to pass through. There's also plenty of pasture for the cows. Avila's property includes another 785 acres, with an option to buy 1,200 acres adjacent to his land, where he'll grow feed crops.

Avi-Lanche Jerseys is milking 740 cows and awaiting more shipments from one of the family's California dairies. Avila expects the dairy to reach its 2,400-cow capacity by December 2008.

Avila now ships his milk to Lone Star Milk Producers. But once the new Hilmar Cheese plant opens, all his milk will head there.

Avila is especially pleased with his new cost of production at \$5.09/cwt., which doesn't include building expenditures. "Feed costs here are \$2.65 per head per day," he says. "In Hilmar, they were \$4.55."

Many of Hilmar Cheese Co.'s owners are buying land in Dalhart and

the surrounding area—and with good reason. "They have to," Avila says. "They will be forced out of dairying in California."

Dairy permitting efforts in California are taking 24 to 36 months or longer, Avila says. In Texas, it's an 8-month process.

Moreover, dairy permitting here falls under only one environmental

agency, the Texas Commission on Environmental Quality. In contrast, California dairies must satisfy numerous regional and state boards.

"In Texas, you pay a \$6,000 application fee," Avila says, "whether it's for a 2,000-cow dairy or a 10,000-cow dairy."

Another difference: Top Texas lawmakers are not disassociated from agricultural production, Avila says. "They know what butters the state's bread," he says.

Just as California's unfriendly business climate helped steer Avila to Dalhart, so it may do for many more. "In 10 years, Texas could absolutely pass California as the nation's dairy leader," Avila says.

For now, Avila is still getting used to the Panhandle climate with its steady winds. He points to his calf pens, which are anchored down to keep from blowing away. It's a small price to pay for this transplanted dairy producer.

"Given the choice between the wind and the unfriendly environment in California," Avila says, "I'll take the wind." **DT**



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