

Special Feature

Diversification - Food, Distribution & Manufacturing Equal Economic Stability in Rural Idaho

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Water and food. Two of man's most basic needs. We can thank Mother Nature for her unending cycle of moisture allocation. But only the beloved, hard working farmer gets credit for producing the majority of foods that feed us all. "Farmers feed the world", as the accurate bumper sticker says.

Without debate, food production, food processing, food manufacturing, food technology, as well as warehousing and distribution are each vital and complex pieces of the food industry puzzle. A varied collection of diverse businesses together supply much of the food consumed not only by U.S. citizens, but the world population. And thousands of communities around the country count "agriculture" as a primary economic sector.

The importance of United States food production will never wane. In fact, as the population increases and more land space is used for non-farm reasons, food production and the other related food industry puzzle pieces will continue to compete for their rightful place in the U.S. economy.

Yet, stories abound of communities who may have put all their eggs into one basket – pun intended – and lost economic standing by overlooking

the need for economic diversification beyond the farm.

It's a tricky basket to fill. Communities well established in the food/agriculture sector know they need to keep this entity strong and support it as necessary. Yet, they need to bring in other businesses – those that support food production as well as those that do not – in order to maintain economic stability through business diversification. But how does this really work without upsetting the food basket? The rural region of southern Idaho has tackled this issue over the past several decades and has found a happy and prosperous economic balance for farm and non-farm businesses alike.

A Diversified Food Basket

Southern Idaho's long-established agricultural roots have made this region one of the country's most diverse food baskets. The area boasts a strong agricultural base of row crop farming, seed production, beef production, dairy production, and aquaculture and lamb production. The area rates #1 or #2 in eight commodity crops, Idaho is the 2nd largest milk producing state in the twelve western U.S. states, 4th in the U.S., and #1 in livestock and livestock products in Idaho.

These very diverse food-related roots have branched off to include numerous complimentary support services that sustain and help grow this economic base including food processing, food science, R&D, warehousing, distribution, cheese production, potato processing, and meat processing to name a few. The region also has secured a host of non-farm related businesses that broaden and strengthen the economic base.

Dairy & Cheese Processing

Agriculture directly and indirectly plays a role in two-thirds of the estimated 95,000 jobs in southern Idaho, as this sector has a robust multiplier effect. Economic Modeling Specialists Inc., for example, approximates that every job in cheese manufacturing creates another 7.44 in direct jobs, and the multiplier for milk processing is 6.62 indirect jobs.*

Established cheese producer Glanbia Foods, the largest American-style cheddar cheese manufacturer in the world, has three facilities in southern Idaho to take advantage of the area's significant dairy farms that provide the dairy for Glanbia's world-class cheeses. Glanbia, with its joint venture Southwest Cheese in New Mexico, processes approximately 20 million pounds of milk everyday into cheese and whey products from three world-class cheese manufacturing and whey processing facilities in southern Idaho and one in New Mexico. This results in over 700 million pounds of cheese and 125 million pounds of dairy ingredients annually.

In addition to cheese processing, Glanbia has three of the most technically advanced whey processing operations in the U.S. to meet the burgeoning national and global marketplace in nutritional. Just one of these facilities produces 18 million pounds of dairy ingredients annually.

Glanbia's facilities provide products to Glanbia Nutritionals and Glanbia's Collaboration Center that develops, tests, prototypes and markets a wide variety of bars, beverages, baked goods and other applications utilizing Glanbia's dairy protein and flax ingredients.



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These operations supplement the main cheese production business, helping to diversify the area's and company's business model.

In 2005, Gossner Foods opened a cheese production plant in southern Idaho's community of Burley with a \$25 million plant occupying nearly 15 acres, including a retail facility that sells locally made cheese. Gossner Foods is one of the largest Swiss cheese producers in the United States specializing in Swiss and Muenster cheeses.

Many factors contributed to Gossner's decision to expand its Swiss cheese operations into southern Idaho. According to Gossner Foods president and chief executive officer Dolores Wheeler, "Pre-existing food processing infrastructure, an excellent location offering quality milk and a strong workforce convinced us to establish new operations in Burley rather than expanding one of our other existing facilities. We anticipate the area's quality milk supply will increase."

Idaho Milk Products (IMP), a milk processor with sales internationally, recently built a 185,000 square foot state-of-the-art plant in the city of Jerome that produces milk protein powders, concentrated filtered milk, milk lactose permeate powder and cream. These products are used in a variety of applications, from nutritional supplements to cheese, yogurt and other dairy based foods.

And Brewster Cheese's plant in Burley is the exclusive producer and supplier of skim barreled cheese (orange colored) to Kellogg Foods for their Cheez-It Crackers at this facility.

According to the Idaho Department of Labor, job growth in dairy animal production grew 7.5 percent in Idaho from 2005 to 2008 for about 4,000 jobs. Growth in this sector is expected to continue.

Potato & Sugar Beet Roots

In addition to dairy processing, the potato still is a primary root of Idaho's agricultural tree. In southern Idaho, potato processing is a major force in the region. Con Agra/Lamb-Weston is the #1 producer of frozen French fries in the United States and a leading supplier of frozen potato, appetizer and vegetable products to restaurants and consumers throughout the world. Its Twin Falls plant is a leading employer in the community.

McCain's Foods – the world's largest processor of French fries, producing 1/3 of the world's supply – Keegan Potatoes, Arrowhead Potatoes, Purely Supreme



Foods and Rite Stuff Foods are some of the other potato processors in the region that contract with local potato growers for their supply.

Not to be outdone by the potato, southern Idaho is the largest producer of sugar beets in Idaho and one of the largest in the United States.

Amalgamated Sugar operates two large plants in southern Idaho and one of the premier research and development facilities for sugar in the United States. In fact, Amalgamated R&D has developed and patented ion exchange and separation that has given them a clear advantage over competitors in the sugar extraction industry. This process enables Amalgamated to increase their sugar extraction efficiency from around 80% to 91% or higher.

Amalgamated Sugar growers will plant about 174,000 acres of sugar beets this year, with about 110,000 or 63 percent of the crop grown in southern Idaho's Mini-Cassia area.

Fish & Feed

Southern Idaho is home to the Snake River aquifer and countless springs with 58-degree water, ideal for raising trout. This area boasts the world's largest trout farm; Clear Springs Foods is the #1 producer of commercial trout in the United States. Over 60% of fresh commercial trout served in restaurants comes from southern Idaho. Clear Springs Research and Development lab is renowned worldwide in freshwater fish, especially trout. Silver Creek Farms is another premier producer and processor of a variety of freshwater fish including rainbow trout and tilapia. SeaPac of Idaho produces boneless Rainbow Trout and some tilapia. In all, there are over 12 fish hatcheries and farms in this region.

Rangen, Inc.'s Aquaculture Division is recognized as an international leader in

the production of feeds and feed additives for the aquaculture industry. They also operate one of the premier research and development labs in the industry.

"All trout production and three-quarters of milk production is found in the south central region of Idaho," says Jan Roeser, a regional economist with the state labor department, who notes a shift from potatoes and sugar beets to higher priced commodities such as grains, corn and alfalfa. "These are tremendous industries for Idaho because they utilize locally grown products and export them to other parts of the nation and world," Roeser says.

Beef, Beans & Such

Southern Idaho's Magic Valley ranks #1 in the state for cattle and calf production and is home to almost 40% of all cattle raised in the state. Independent Meat Company is a major pork products processor distributing under the Falls Brand and Salmon Creek labels. Finished products are distributed nationally and internationally. Several other processors contribute to the important function.

The area's agriculture sector is further diversified with the growth and production of beans, barley and seeds. Over 2.2 million acres of premium crops are grown in Southern Idaho every year. Southern Idaho is ideal for growing beans for seed because of the dry arid climate here and largely absence of disease. This area produces the widest variety of bean seed in the U.S. About 60% of dry beans grown here are for seed and both seed and edible dry beans are shipped all over the world. Idaho produces the widest variety of bean seed in the United States.

The region is also one of the most desirable places in America to grow malting barley. Coors (Southern Idaho supplies approximately 1/3 of Coors'

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barley), Anheuser Busch, Great Western and Medelo breweries all contract with farmers to produce malting barley. For extra barley not sold to breweries, it is processed at local grain elevators and used for livestock feed.

In a different business area, southern Idaho is also an international seed breeding and production area. Sugar snap peas were first developed in this region. Numerous premier seed developers and producers call this region home.

Even a chick hatchery added a facility in southern Idaho for their operations. In 2008, Hy-Line North America, a poultry producer, invested \$17 million to build a new facility in the southern Idaho community of Burley. Hy-Line has the only nationwide chick production network in the American egg industry with several regional production centers like the one in Burley. From these state-of-the-art hatcheries, commercial day-old chicks are delivered on time, in the large quantities desired and with a minimum of stress on the chicks to anywhere in the country.

Beyond Farm & Food Business

So as not to put all of its eggs in one basket, Idaho has put into place numerous business incentives and tax packages to support general business growth, retention, expansion and economic development beyond food-related industries.

Low labor, utility and land costs, a pool of ready-to-work employees educated and trained at the College of Southern Idaho, and numerous business incentives have been significant factors in bringing new business to Idaho, including over 20 companies that have located just in southern Idaho in the last eight years.

The diversification of new companies established here has helped secure the region's economic stability beyond farm and food. Companies like: Dell Corporation, WOW Logistics (warehouse/distribution), Coast-to-Coast Carports, Hilex Poly (plastics), Dutchmen Manufacturing, Jayco RV, Kelfer Built (RV), Mulholland Positioning Systems (health care), Packaging Specialties, DOT Foods, and Northwest Manufacturing to name a few, have recognized the benefits of operating here and so have joined the areas growing employer base.

An ideal geographic location, good interstate access, land/building availability and high quality of life are other factors that have encouraged over 14 employers to expand their operations here. They decided to grow their southern Idaho

operations, bypassing options to expand elsewhere based on their successful and profitable operations here.

The southern Idaho region now boasts numerous established and growing business clusters, including: warehousing, distribution and trucking; plastics manufacturing; RV manufacturing and assembly; general manufacturing; cheese/food manufacturing and processing and life sciences. The area's economic development efforts are focused to generate business opportunities that fit into these tailored clusters.



Warehousing and distribution companies have rooted here to support farm and non-farm businesses store and distribute their goods to the regional and international market. With southern Idaho ideally situated along several major highways, access to all points north, south, east and west is easy. Products can reach most western cities from here – including California, Oregon and Washington and their respective sea ports – in just a day's drive.

This ideal west central location brought WOW Logistics here in 2003 to build a regional distribution center for both dry and refrigerated storage. They were lured here thanks to the area's strong and growing cheese, agricultural and manufacturing industries, in addition to its prime geographical location for distribution and transportation. Local businesses centralize storage of their products here as well as excess materials they opt not to keep on site.

Henningsen Cold Storage Co. has operated a production and distribution warehouse facility in Twin Falls since 1978. With eight cold storage facilities in the United States, this facility stands as Henningsen's largest at more than 12 million cubic feet of 0 degree freezer space. This location serves as a consolidation and distribution point for

processed potatoes shipped throughout North America.

This facility is located next door to the ConAgra - Lamb Weston plant, one of the "big three" potato processors in the world addressed earlier. Product comes right off of the production lines, is palletized and stretched wrapped, then goes directly into the Henningsen warehouse via conveyor lines for storage and future shipment and distribution. Being close to processors helps Henningsen's minimize transportation time and costs.

And, Clear Springs Foods, the local commercial trout producer, has worked with Henningsen for over 20 years to store fresh pack frozen trout products. Having local, high-quality cold storage warehousing available allows Clear Springs local control of inventory and easy access to product while assuring that their products are stored in the best environment possible.

Other southern Idaho businesses have found success in distribution and warehousing from this location-friendly area. Solo Cup, a large plastics manufacturer of cutlery and plastic utensils, opened in Twin Falls in 1998. By expanding into Twin Falls from the Midwest, they were able to reduce their shipping and freight costs by 45 percent.

AmeriCold Logistics, headquartered in Atlanta, has a public warehouse distribution facility for frozen storage in Burley. This facility is attached to McCain Foods where frozen packaged potato products come off McCain's production line and into AmeriCold for warehousing.

Diversification Optimizes Economic Stability

The recent economic downturn has affected every community across the nation. Some, were unfortunately, harder hit than others. While others, like southern Idaho, have not been immune from the downturn, they are weathering the storm just a little better.

While food and agriculture remain vital economic sectors, the region has not just relied on these alone to keep its economy viable. Diversifying into support areas – R&D, warehousing, distribution, and processing – while growing into new but complimentary industries – manufacturing, RV manufacturing, plastics and health care – have brought economic stability to southern Idaho that farm and non-farm businesses alike enjoy. 🏡

* Images of Southern Idaho

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