



# Food Processing

Case Study: Upstate Farms Cooperative

Utility Infrastructure Investment Program



New York State Electric & Gas Corporation



# Farming in NY

Nearly 25% of the state's 30.6 million acres is farmland, and agribusiness is New York State's second largest industry.<sup>1</sup>

## Utility Infrastructure Investment Program

*"NYSEG's grant will help offset the cost of a new electric substation needed for equipment that will drive down the cost of operating our new, state-of-the-art cultured dairy manufacturing facility."*

– Brian Kornfeind  
Chief Operating Officer  
Upstate Farms

### At the top of our industry<sup>2</sup>

- Third-ranked dairy state (first in cottage cheese)
- Second in apples
- Third in grapes
- Third in cherries
- First in cabbage
- Fourth in pears
- Third in maple syrup

Dairy accounts for 1.8 million cows. Our wine and grape-producers form the fastest-growing industry in the state. And cheese production has more than doubled since the 1970s. In 2006, the state produced \$3.4 billion worth of farm products.<sup>3</sup>

### Supply chain close to production

- More than 2,300 food processors, including Anheuser-Busch, Birds Eye, Dairylea, Mott's and Rich Products, employ more than 65,000 people.<sup>4</sup>
- Food processors generate more than \$16 billion in direct annual revenues, \$2.8 billion in earnings, and \$4.6 billion in supplier services.<sup>5</sup>

### Close to our markets

- Food processors who are increasingly involved in national and global markets will benefit from New York State's speedy access to the Northeast, Mid-Atlantic, Midwest, and Canada via 1,500 interstate highway miles, 150 cities served by non-stop flights worldwide and a 4,000-mile rail network.

- New York is in close proximity to east coast markets. This proximity becomes even more important as rising fuel prices continue to drive up transportation costs.

### Productivity high, and increasing

- New York farmers produce more on less than half of the acreage that was under cultivation in 1950.
- Vertical integration of production and processing is on the rise, either on-site or through alliances between producers and processors.
- Automation of both production and processing is also increasing.
- Cornell University's College of Agriculture and Life Sciences (Ithaca), the Cornell Cooperative Extension, and the New York State Agricultural Experimental Station (Geneva) provide training, support, and cutting-edge agricultural technologies.

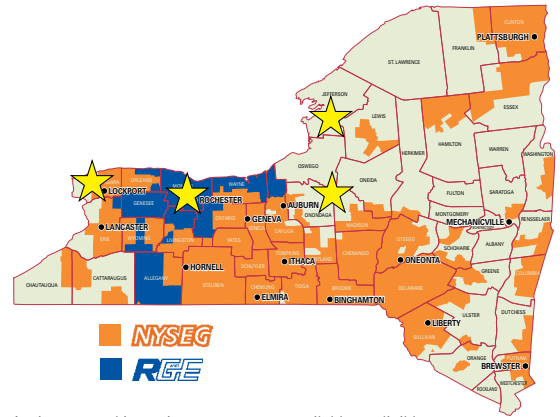
### Our success can be your success.

Our experience, industrial base, location, and government and academic support make this a great state for your agribusiness.

<sup>1,2</sup> <http://www.agmkt.state.ny.us/>

<sup>3</sup> <http://www.nass.usda.gov>

<sup>4,5</sup> New York State Economic development Agency, February 2007  
<http://www.empire.state.ny.us/>



Assistance and incentive programs are available to eligible New York State Electric & Gas (NYSEG) and Rochester Gas and Electric (RG&E) customers

## C A S E S T U D Y

### Upstate Farms Cooperative

#### Locations

- Processing centers – Buffalo and Rochester
- Distribution centers – Syracuse and Watertown

#### Products

- Upstate Farms produces 100 million pounds of cultured dairy products annually, including milk, ice cream mix, yogurt, cottage cheese, sour cream, dip, yogurt and flavored milk-based beverages under the Upstate Farms<sup>®</sup>, Bison<sup>®</sup>, Intense<sup>™</sup> and Breakstone's<sup>®</sup> brands.

#### Community Impact

- More than 450 skilled processing, administrative and transportation jobs, supporting more than 2,000 jobs in support industries
- Markets and economies of scale that support regional dairy industry

#### Program

- Utility Infrastructure Investment Program

#### Project Details

Upstate Farms Cooperative, Inc. was founded in 1965 by a group of New York State dairy farmers to make, market and distribute high-quality dairy products. In 1983, the company purchased the Bison Foods Company. The Bison and Upstate Farms brands, as well as private label products, are manufactured and sold to customers in the retail, food service and industrial sectors.

In 2005, Upstate Farms needed a new building to increase its production capacity and increase economies of scale. NYSEG, recognizing the value of a vibrant agribusiness in its service area, provided an infrastructure assistance grant toward the new building under its Utility Infrastructure Investment Program to help offset the cost of a new electric substation needed for the new, high-efficiency equipment. The old plant produced 14 million pounds of cultured dairy products per year; the new construction and equipment has increased production to more than 100 million pounds.



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