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Area farms hurting from Marcellus Shale boom

Milk truck drivers leaving for higher pay; manufacturers putting the burden on farms

By Justin Head

The Evening Tribune

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Rexville, N.Y. — Natural gas drilling in the Southern Tier has tapped into a new area, the pockets of cash-strapped farmers.

Rodney Mullen, manager of Triple R Farms in Rexville, a family-run business that survives on milk profits, has been operating since 1956. If something isn't done to relieve rising costs, his farm, and many others in New York may be forced to close their doors in coming years.

Triple R Farms produces about 17,000 pounds of milk every two days, according to Mullen, who is a stakeholder with Land O' Lakes. Dedicated to his livelihood, five years ago he was forced to refinance and take out a mortgage to stay operating.

In a letter dated Nov. 5, Land O' Lakes informed Mullen his farm would be paying 8 cents more per hundred weight of milk hauled away.

It reads: "As you know, the Marcellus Shale industry has quickly changed the landscape of our region in recent months. The effects of this growth have been felt in many ways.

"For milk haulers in the area, the expansion of the natural gas industry has resulted in increased competition of the hiring of drivers. Just in the last few months, 15 drivers have been lost to natural gas companies."

For that underlying reason, Land O' Lakes said it has to maintain competitive pay rates and increased hauling fees. That decision, and related ones in other dairy enterprises appear to be taking a toll on farmers.

Without getting into specifics, Mullen said he operates on a shoe string budget and this means he will now be paying hundreds of dollars more per month for milk delivery.

"When they pick our milk up there is a stop fee for every farm and so much a hundred weight (of milk)," said Mullen. "I thought that money was just to go to the haulers, but we are also paying for Land O' Lakes to haul that milk after it's processed from their warehouse and to the stores. It's wrong. It's their product when it hits that truck. That should be their issue."

Ronald Davis, Land O' Lakes procurement manager, said the company had little choice.

"It wasn't just Land O' Lakes that raised their rates," said Davis. "Dairy Farmers of America and DairyLea (Cooperative) were a part of this. We market our milk jointly through Dairy Marketing Services because it give us better bargaining power in the marketplace ... and we can save assembly miles.

"I guess the point is that DFA, DairyLea and us, we are all cooperative ... we are working to keep these costs as low as we can. We are marketing the farmers' milk and they have to bear the costs. We are not a propriety market," said Davis. "We negotiate on their behalf for hauling rates, but if the haulers come to us and say they need more money there is not much we can do about it."

The logical response would be for a producer to seek a different contract with another milk cooperative, but it's not that easy, said Mullen.

Contracts usually run on an annual basis and farms have to inform the cooperative of a termination in writing around 60 days before renewal.

"Besides, they're all doing the same thing," said Mullen. "It doesn't matter where I go."

Gordon Ross, manager of Ja-Wa Farms on County Route 84 in Troupsburg, received the same letter and bears equal frustration.

"Their cost is going up ... our cost is going up every day too," Ross said. "We have to pay the truckers more, so why can't we get more for our milk. Why can't Land O' Lakes pay for it? They are making a profit every year."

Davis didn't disagree with these points.

"We are very sympathetic to their position," he said. "The thing to stress is we are a cooperative. It's not just us ... The farmers need more money and we are aware of that ... To increase the milk price it has to be done on a national level."

Steuben County legislators are aware of the issue, but are unsure if anything can be done.

Donald Creath, R-Corning, is chairman of the Agriculture, Industry and Planning Committee. He said gas drilling is hurting local farms.

"I heard we were losing milk truck drivers and that's unfortunate. The Marcellus Shale has upset the free-market economy in the Twin Tiers and we've got to do something to help the farmers. I'll bring it up at the next AIP committee meeting. That's my take on the situation ... To me, it seems unethical and it's unfortunately the farmers who have to carry the burden."

Joe Hauryski, R-Campbell, and Dan Farrand, R-Addison, also members of the AIP Committee, are on the same page.

"It's something that concerns me a great deal because agriculture is such a large part of our industry in Steuben, not only here but statewide," said Hauryski. "We have to do something. We have to look for a way to help the dairy industry. It has been in terrible straits for a number of years and it's another added burden on the industry."

Farrand said it's unethical for the farmers to be billed more and commented, "there's got to be a way to raise milk prices. You can go into Walmart and buy a gallon of milk, for what, like \$1.49?"

Robert Nichols, R-Addison, is a farmer, vice chairman of the AIP Committee and president of the Addison Milk Producers Cooperative. Nichols was apathetic about the situation changing.

"The drivers are leaving, going for more money and basically somebody's going to be forced to pay more money or they are not going to have drivers," he said. "They are going to have to compete with the gas truck companies to keep drivers."

"The companies are going to go to the farms and make them pay the cost. The farmers are going to have to pinch," said Nichols. "The only thing that farms can do is shop around to see if there is a better deal out there or work through Congress to change the system ... There's nothing we can really do on this issue, but send a letter of concern to Washington, because we don't have jurisdiction over the federal milk marketing orders."

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Comments (17)

jkaszynski
22 hours ago
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Moral of the story, go to BOCES and learn to drive truck.....
ladyfortuna
22 hours ago
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Perhaps the Farm Bureau or some other organization can offer driver training and assistance with getting a CDL., I would think that some of the former Alstom workers would be happy to take the driving jobs.
DrJR
21 hours ago
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It's always strange to hear about lack of potential employees when such a large percentage of the population is unemployed. Driving bulk tankers isn't as easy as just getting a CDL, but shouldn't be too terribly hard to obtain for most people.

Strange to think you can buy a gallon of milk for \$1.50, yet the small cartons the students get in their lunches now cost \$.50 each. I bet I know where the profits are coming from (and in this area I'd guess that a good 50% or more of the milk purchased in schools is government subsidized w/Free or Reduced prices)
jkaszynski
20 hours ago
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Honestly it isn't much different from getting a CDL. The big difference is that with milk tankers they don't have the baffles in the tank to prevent the sloshing that the other tank trucks do (for sanitary reasons). It's more of a learning curve that requires some experience driving before you dive right into milk-trucks.

Even still, with rates of unemployed as high as they are it's surprising to hear they can't find drivers.

Webwrench

20 hours ago

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All I get from this story is the little guy loses again..Being employed as a driver for several years the rates were still at 1972 levels. I feel for the farmers, but driving has been a thankless job for years. I'd like to think the writing on the wall is heeded. Can you say 'Driver Shortage'. I know several local trucking companies that need drivers, too.

I'd think twice about a career there though, it's very cyclical. And pay still isn't what it should be.

movedtoomuch

20 hours ago

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Somewhere, the laws of supply and demand have gotten out of whack. We have millions that are unemployed, but instead of working (driving truck), they are doing whatever it is the unemployed do.

Hello Mr President, Mr Congressmen, Mr. Regulator:

This situation should not exist. People need work. Jobs are available. Fix it.

JW333

18 hours ago

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Costs are going up everywhere, even on the farm, but the farmer can't raise his prices. Somebody else tells him what his hard work and dedication are worth. It's a lousy system, but thank heavens there are still men and women that have the fortitude and perseverance to farm. You won't find the CEO of Land O'Lakes up to his armpits in frozen manure when the barn cleaner breaks on Christmas morning! If I had to do that, a gallon of milk would cost \$50.00!!!!

TheNatural

15 hours ago

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This is just crazy. We should be upset because people are getting paid better for their jobs? Because truck drivers are in demand? The area has too long depended on slave labor, or at least very cheap labor. If there is a void, workers will fill it. This is actually a positive story!

5thwardbrat
5 hours ago
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Farmers don't make much to begin with, so anything extra taken out of their pay is not a good thing.
kd7ln
5 hours ago
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If the Dairy Farmers are allegedly losing drivers why are they not advertising locally that they need replacement drivers??? I have a Class A CDL with Tanker endorsement and the only ones saying they are hiring are the 'Oilfield' companies and not the Dairy companies..... I have been unemployed for a long time and have been wanting/preferring a local driving job... as it pays better than 'flipping burgers'..
As far as competition goes.. This region pays the lowest wages for Truck Drivers to begin with compared with the rest of the Country, but has the highest taxes...These new Oilfield companies are paying drivers similar wages with the rest of the country. If the Dairy Farms are needing Milk Haulers, advertise in the paper and not just write a newspaper article 'whining' about it.. There are Out of work TruckDrivers who DO WANT/NEED the Job
5thwardbrat
4 hours ago
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The FARMER'S don't hire the drivers, the dairy contracts to a trucking company. BUGMANS and ROLLINS are two local trucking companies that I can think of right now with just one cup of coffee in me. Call Crowley's, Polly-o, or Helluva Good and find out who hauls for them, and then contact the trucking company.
interested_1
3 hours ago
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The Tribune should be writing a story about how the Marcellus Shale is creating a boom in the economy in our area and how many truck drivers have been employed. The farmers are making noise about this issue because they can't get away with hiring residents that are in this country illegally for these particular jobs like they do for others.
rodeo3fd
3 hours ago
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I happen to work on a dairy farm. The milk plants charge numerous fees on top of what the haulers charge. We don't get paid nearly half of what it costs to produce 100#. The feed companies are overcharging for thier product. Then you have the other suppliers raising prices. It's well time that all the dairy farmers band

together and do something about the way milk is priced. The co-ops are feeding the producers lines. They are not working for the producer, they are working for thier wallets. They make a profit and then make the members, Dairy Lea for example, claim its profit on the producers income tax. If truck drivers really want to work, there are jobs. Rollins is always looking for drivers.

5thwardbrat
3 hours ago

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Once again, THE FARMERS DO NOT HIRE THE DRIVERS. The DRIVERS ARE EMPLOYED BY TRUCKING COMPANIES, the TRUCKING COMPANIES are hired by the DAIRYS. I never realized that so many people had trouble understanding what they read until I started reading these blogs.

Holycow
2 hours ago

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The Co-ops are making all of the money. Especially (in 2009) when farmers were getting paid around \$10.00 for every 100lbs of milk shipped. Look at the earnings in 2009 for Dairylea or DMS.... Farmers go out there everyday and bust their butts to make a living and the co-ops sit high on their throan making excuses. In my opinion (again just my opinion) we should stop the import from New Zealand.... and use the dairy products we have available in USA.

alleganyhick
2 hours ago

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I know people who went to BOCES jkaszynski and they can't get hired because most everyone wants 3 years experience. As high as milk is in the store, the processors are making a LOT more than a farmer is .

kd7ln
22 minutes ago

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Okay so I'm wrong about one thing... Who hires the drivers... but still if the case is that They are 'losing' drivers why are there not ad's in the classifieds/hotjobs /monster/careerbuilder looking for replacements? and BTW Crowley's doesn't hire Drivers their Drivers come from Syracuse/Albany/Binghamton I found that out after someone told me to apply there...

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