

Wayne County Dairy Processing Business Plan

REQUEST FOR PROPOSALS

BACKGROUND

Wayne County, Pennsylvania, with the assistance of USDA Rural Development, has financed the preparation of a *Feasibility Study* and *Business Plan* for development of a dairy processing facility in the county that would utilize milk produced in the region. The *Feasibility Study* available at shepstone.net/WayneDairy found a Wayne County cheese plant is financially feasible and, while there are certain risks, they are mitigated by the potential availability of county land and access to grants and low-cost capital. The Business Plan available at the same website lays out how this can be accomplished.

The mission is to support the retention and possible expansion of the Wayne County dairy industry as a fundamental aspect of the county's economy and rural character. More specifically, these are the goals:

- Growing milk demand within Wayne County,
- Enhance milk pricing and farm income for Wayne County farmers and
- Supporting agri-tourism and retention of rural character as economic assets.

The *Pennsylvania Dairy Study* prepared in 2017-2018 identified dairy processing opportunities as follows:

“Substantial incentives appear to exist for additional processing capacity in Pennsylvania—especially for other” cheese (non-American types, including Italian and specialty cheese) plants—based on their potential to reduce overall supply chain costs given 2016 milk production and dairy product demands.”

Given that hauling costs are likely to be most impactful with respect to bulk quantities of raw product, a processing plant located between New York City and large milk producing areas can attract dairy producers, while positioning the processor to also get the finished product to market more economically. Wayne County is such a location. The data shows the primary market for products that might be produced by a Wayne County dairy processor consists of the New York City metro area and specialty cheese production offers a distinct niche for any dairy processor in close proximity. It attracts large numbers of Hispanic immigrants and is also home to equally large numbers of higher income households apt to find ethnic and other specialty cheeses appealing.

The data suggests the best specialty cheese opportunities for a dairy processor to exploit are among Italian cheeses, Feta cheeses and Hispanic cheeses. Hispanic cheeses, in fact, have been showing steady growth for some time. The feasibility study recommended a soft-cheese Hispanic soft cheese manufacturing facility capable of processing the milk from a minimum of eight 75-cow dairies (roughly 40,000 pounds per day). Initially, the facility would likely start at a lower volume, but grow with market development. The system will be designed to pasteurize 8-10 gallons per minute initially into six 200 gallon cheese kettles.

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A potential site is located in Waymart, which is especially advantageous for siting of a cheese plant because it possesses wastewater treatment capacity required from the Waymart Area Authority and can accommodate the project relatively efficiently due to the lessened need for pre-treatment of the whey. Natural gas (UGI) and a central water supply (Waymart Water Company) are also available in the Borough and adjoining portions of Canaan Township.

The site is owned by Evergreen Properties Group LLC and is 21.99 acres in size plus additional acreage is potentially available from related companies with adjoining parcels. An excerpt from Wayne County tax assessment mapping for the immediate area follows, the site including an existing 56,562 square feet, one-story, 25 feet high, concrete brick building previously used as a printing plant and now in use as a warehouse. There is also an interior second story of 3,250 square feet.

The Evergreen parcel is large enough to accommodate a new building or, more likely, a building expansion as an alternative to simply renovating a portion of the existing structure, which is substantially larger than needed and would require modifications to install floor drains in the existing concrete floor. It is expected the building will be roughly 12,000 square in size and site improvements will include grading, stormwater improvements, a pre-treatment sewage system (and/or improvements to the Waymart Area Authority sewage collection and treatment system) and connection to the local water company system.

This dairy processing business will be a public/private partnership. The county will assist the development of the facility and its operation with incentives detailed below.

INCENTIVES

Wayne County will endeavor to offer the following incentives to the selected proposer:

- * The County has identified a site in Waymart, Pennsylvania and has secured agreement from the owner/developer to build to suit and lease the facility at reasonable market rate.
- The County will seek assistance for equipment purchases. The County intends to apply for \$250,000 of financial aid from the Appalachian Regional Commission to purchase certain selected equipment for the plant. Such equipment will remain in County ownership, but be made available at no cost to the operator.
- The County will, through the auspices of the Wayne Industrial Authority and/o the Wayne Economic Development Corporation, assist the selected with securing other financing as may be necessary or available through State and Federal programs.
- The County, through its Workforce Development Program, will provide workforce training for the operator's employees and assist in the recruitment of this workforce, providing access to temporary financial assistance for that purpose.
- The County will provide product branding and marketing support to help position the operators products in the marketplace.

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- The County will, if needed, assist the selected operator in securing zoning approvals.

The County will use its best efforts to provide each of these incentives but delivery will necessarily be dependent on the availability of grant funds and other conditions that may be out of its control.

PROPOSAL CONTENTS

Proposals may take such form as will adequately describe how the proposer will approach the project but include the following:

- A thorough explanation of the experience and qualifications of the proposer with respect to dairy or other food processing and, if possible, cheese production.
- Three years of financial statements of the proposer demonstrating the capacity to undertake this project.
- A description of the proposed operation that will be undertaken by the proposer if selected along with plans for ramp-up and/or expansion with growth.
- A description of the marketing strategy that will be utilized by the proposer.
- A description of the incentives to offered to secure the necessary milk supply.
- A sketch plan layout of the facility the proposer will need to produce cheese and/or other dairy products.
- Resumes of key individuals who will be involved in management of the facility along with recommendations as may be appropriate.
- A proposed timeline for establishing the operation.

The County is also interested in additional ideas with respect to developing a successful dairy processing facility. Accordingly, proposals may take alternative forms in terms of both substance and presentation.

PROPOSAL COORDINATOR

For additional information concerning this Request for Proposals, interested parties may contact Wayne County Chief Clerk Andrew Seder at 570-253-5970 ext 4050 or email

ASeder@WayneCountyPA.gov.

PROPOSAL DUE DATE

All proposals shall be submitted electronically no later than 4:00 PM on Friday, Oct. 8, 2021.