



Ohio Offers Solutions to Food Industry Disruption



All sectors of food production and processing are experiencing seismic change. Consumers are demanding fresh, organic, preservative-free, sustainably-grown, nutritious, clean-label foods that are ready to eat, available on the go, and delivered wherever and whenever they desire. Food has traditionally been a low-margin, high-volume industry, but economic pressure has intensified. In the past 18 months, 20 top food company CEOs have resigned, and deep cost-cutting is pervasive.

How can food companies navigate these changes and find their way to success? The solution may be in Ohio. With its strategic location, affordable energy costs, and concentration of food technology assets, Ohio gives food producers and processors significant competitive advantages.

Strategic Location

Eastern-most state with end-to-end food supply chain

Food and agribusiness is the largest industry in Ohio, contributing \$107 billion to the state's economy. With 14 million acres of farmland, more than 1,150 food manufacturers, and easy access to millions of consumers, Ohio is uniquely positioned to take full advantage of production and logistics assets to reach consumers in the most efficient manner.

Located within a one-day drive of 60% of U.S., Canadian population

A vast, integrated logistics network gives food companies the advantage of delivering products within a one-day drive to over 60 percent of the U.S. and Canadian population. Fresh produce can be on store shelves or delivered to end-users within 24 hours of harvesting.

The 1,200-acre Eastpointe Business Park near Interstate 70 and Zanesville, Ohio, is home to the East



Balt Bakeries facility that produces Wendy's specialty buns. The strategic location, which is served by Guernsey-Muskingum Electric Cooperative, supports rapid delivery of the bakery's products all the way to Colorado in one direction and the East Coast in the other.

Abundant fresh water resources

Ohio is blessed with abundant fresh water from underground aquifers, rivers, and lakes, including Lake Erie, which is an important element in Ohio's food industry. Lake Erie is one of the five Great Lakes, which together contain 21 percent of the world's surface fresh water.

Competitive energy rates

Rural areas equipped with high-quality infrastructure

The sophisticated equipment of modern food and agriculture production requires 24/7 continuity, reliability, and quality of electric service. Ohio's Electric Cooperatives and the 25 local cooperatives that deliver power to end-users continually make investments in infrastructure and technology systems that allow them to serve nearly any type of load effectively and efficiently, no matter how rural the location.



Happy Yolks, a cage-free Ohio egg farm, welcomed its initial flock of laying hens in December 2017. The rapidly growing consumer and restaurant demand for cage-free eggs convinced farm co-owners Paul and Dan Gossard to expand their grain farming operation to include livestock.

The Gossards selected one of their farms, which was served with three-phase power by Mid-Ohio Energy Cooperative, to house Happy Yolks.

Paul Gossard, the fifth-generation Gossard farmer and the son of Dan Gossard, notes that they've had a long relationship with the cooperative. "We appreciate how well they treat people and how fast they respond," Paul said. "The well-being of our livestock depends on reliable power, and we're very pleased with Mid-Ohio's responsiveness."

The egg production site is the original homestead of the first generation of Gossard family farmers, who were likely among the earliest rural farmers to benefit from the extension of electricity by cooperatives due to the Rural Electrification Administration Act of 1935, Paul added.

Happy Yolks raises hens for Trillium Farms, which is one of the nation's leading egg producers. Trillium also raises its own pullets (hens less than one year old) and laying hens, and operates feed mills and transportation facilities, several of which are powered by Mid-Ohio Energy Cooperative.

Energy rates accommodate stampede to freshness

Ohio's affordable electricity rates and plentiful natural gas supplies are particularly beneficial to fresh food producers and processors. JobsOhio Director of Food & Agribusiness Joe Needham shares the following example:

“Ohio is experiencing a recent influx of greenhouse operations with hundreds of acres under roof. Ohio’s electricity and natural gas costs are one-third to one-half that of Canada, so growers that have been squeezed out of Canada due to high energy costs have constructed greenhouse facilities in Ohio. With more affordable rates, growers are able to use electric grow lights instead of relying only on ambient light, which has resulted in yields-per-greenhouse-acre that are eight to 10 times field-acre yields. Ohio is also much closer to the growers’ customers, resulting in a very short supply chain from producer to distributor to consumer.”



Fresh to frozen to fresh

Another example illustrates the rapid changes producers are making to satisfy consumer expectations:

A bakery in northeast Ohio that provides buns for the U.S.’s largest hamburger chain recently built cold storage facilities so preservatives could be removed from their buns, which are now delivered frozen. Simultaneously, hamburger meat was switched from frozen to fresh, resulting in adjustments at every stage in the production, processing, distribution, and delivery of the product.

Concentration of food assets

Strength in numbers

Ohio is home to hundreds of companies that process, package, distribute, and market food and drinks enjoyed by consumers around the world. “Ohio’s food and agribusiness industry is supported by a concentration of corporate and academic leaders, including The Ohio State University, Center for Innovative Food Technology (CIFT), Abbott Nutrition R&D, Nestle’s global R&D and quality assurance center, and Cincinnati’s resources that make it the second-largest hub of flavoring research in the U.S.,” says JobsOhio Vice President and Head of Economic Development Dana A. Saucier Jr. “Ohio offers easy access to collaborators and a deep talent pool in all facets of food cultivation, production, processing, packaging, distribution, and marketing.”

Ohio is home to:

- Largest U.S. cannery
- Second-largest U.S. yogurt plant
- Largest bakery in North America
- Second-largest U.S. flour mill
- No. 2 egg production in U.S.

Three percent of U.S. frozen food production workers are employed in Jackson County, Ohio

One in six Ohioans is employed in the food and agribusiness sector, including a workforce of 75,000 in production businesses and 78,000 in over 1,150 food manufacturing facilities. The Jackson County, Ohio, General Mills and Bellisio Foods production facilities together employ 3 percent of U.S. frozen food production workers, who make Totino’s Pizza Rolls, Michelina’s frozen foods, Boston Market and Chili’s at Home frozen foods, and numerous other nationally known products. Jackson County offers several immediately-developable food processing sites served by Buckeye Rural Electric Cooperative.

28 dedicated cold storage facilities with more under construction

In addition to producer-owned cold storage facilities, Ohio has 28 dedicated facilities that provide producers with flexibility to adjust to changing consumer expectations.

Find your sweet spot in Ohio

If you're a food manufacturing company, Ohio is a very sweet spot. With its strategic location and concentration of food technology assets, an Ohio location gives food producers and processors significant competitive advantages.

As food manufacturers scramble to reduce costs, reformulate processed food to meet changing consumer expectations, and have product ready when and where customers want it, the economic development leaders at Ohio's Electric Cooperatives and JobsOhio's food and agribusiness division are ready to assist.

Rural sites with reliable and affordable energy and easy access to suppliers and customers are available throughout the territories served by Ohio's 25 local electric cooperatives. If your organization is searching for expansion sites for food production, R&D, processing, or distribution, contact Ohio's Electric Cooperatives' Dennis Mingyar at 614-430-7876 or dmingyar@ohioec.org.

Buckeye Power and Ohio's Electric Cooperatives can help with:

- Comprehensive site and building portfolios
- Preliminary site studies
- Site search tours
- Assistance in identifying financial incentives
- Electric rate analyses
- Community profiles
- State and local government contacts
- Contractor introductions

Look for Us:

Touchstone Energy NET Conference

February 11-13, 2019
San Diego, California

Spring 2019 Industrial Asset Management Council (IAMC) Professional Forum

May 4-8, 2019
Santa Barbara, California



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