

Idaho Company pays \$13 million for Big Island Dairy

By Andrew Gomes – Honolulu Star Advertiser - January 28, 2012



An Idaho dairyman has bought the largest dairy in the state with plans to continue expanding the Hawaii Island Company that supplies fresh milk statewide.

Steve Whitesides of Idaho-based Whitesides Dairy recently acquired Island Dairy Inc., which is now doing business as Big Island Dairy LLC.

The farm with about 900 milking cows was bought for about \$13 million, according to a report by the state Department of Land and Natural Resources, which leases to the dairy about 2,000 acres in Ookala along the Hamakua Coast.

Island Dairy owner Bahman Sadeghi provided about \$4 million in seller financing, according to the DLNR report.

The sale comes about three years after Sadeghi expanded production and reintroduced fresh milk to Oahu, Maui and Kauai under the brand name Hawaii's Fresh. Island Dairy previously supplied only Hawaii Island with fresh milk.

Whitesides said he will continue efforts to expand the business, and make it more self-sustaining by growing more — and importing less — food for the cows.

High feed and shipping costs in recent years have devastated the dairy industry. Eight farms have gone out of business since 1999. Today, Big Island Dairy is one of only two major dairies in the state. The other is Cloverleaf Dairy, also on Hawaii Island.

Island Dairy survived and grew in recent years largely by growing its own crops such as corn and alfalfa for feed that also was supplemented with pasture grazing to provide cows with 50 percent of their food.

Whitesides, who grows about 75 percent of the food for his Idaho farm, which has about 6,500 cows, said reducing imported feed is a key goal in Hawaii where costs are exceptionally higher.

"We need to be more self-sustaining," he said.