



Source: San Luis Obispo Railroad Museum.

The Expansion of the Dairy Industry

This is the second in a two-part series on the Dairy Industry of the Central Coast.
Published Mar 26, 2026

Following the major drought in the 1860s, dairy farming boomed in SLO County. Franklin Riley founded the town of Morro Bay in 1870 in part as a trading port for these dairy and ranch products. He constructed a wharf where schooners exported butter and cheese to population centers. By the 1880s, SLO County could claim the moniker "Cow Country," providing San Luis Obispo County with a reliable tax base.

Dairy products from this region were plentiful and of high quality. A major disadvantage, however, was the region's remoteness from main centers of population. Shipping dairy products to faraway places made them susceptible to deterioration, making milk "a dangerous food."

Dairying was the startup that put the Central Coast on the map, but transportation improvement was necessary for moving perishable dairy products to markets in San Francisco and Los Angeles. The demand for safely transporting dairy products spurred the building of wharves, lighthouses, and railroads, and the railroad promoted the dairy industry's economic expansion throughout the state and beyond.

While schooners initially handled export, the 1876 construction of the Pacific Coast Railway, a local narrow-gauge line, improved the speed of transporting the perishable dairy products and thus their marketability. The industry was further revolutionized on May 5, 1894, when the Southern Pacific Railroad arrived in San Luis Obispo to an "uproarious three-day celebration," (as reported in "A Track

Through Cow Heaven” by Solange Kiehlbauch). These steel rails transformed fresh milk into a long-distance industry, allowing products to be shipped far and wide.

Soon centralized creameries further increased production by introducing specialized processing practices. When California Polytechnic University opened for classes in 1903, the Cal Poly Creamery was established, one of the first operations of the university. True to its learn-by-doing philosophy, it partnered with dairy-making operations such as the Harmony Valley Creamery Association. Prospective dairy farmers and producers were trained here in modern manufacturing equipment and practices.

The dairy industry continues to thrive on the Central Coast, but dairy is no longer a top producer. The agricultural sector remains robust, with the overall county agricultural value topping \$1 billion, but it is now driven by crops such as vineyards and berries as well as ranching. Even though not the economic powerhouse that it once was, local dairy products continue to be in high demand due to their exceptional high quality.