

New Soy Processing Plant to Break Ground in Butler County

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SHELL ROCK, Iowa –Oct. 13, 2020—A new soybean crushing plant that will be built at the Butler Logistics Park northwest of Shell Rock, pending state and local approvals, will propel value-added agriculture forward in Iowa.

Mid-Iowa Cooperative, a farmer-owned cooperative based in east-central Iowa, and Mike Kinley, Mid-Iowa's CEO, are leading the effort to create Shell Rock Soy Processing (SRSP), LLC. When operational in 2022, this plant will crush 38.5 million bushels of soybeans annually, or 110,000 bushels daily and will create 50 to 60 high-quality jobs.

“We're positioned to extract all the value possible from locally-grown soybeans,” Kinley said. “This plant can supply both food and fuel needs, and it will bring Butler County and surrounding areas into the center of the global ag economy.”

Mid-Iowa will own a portion of SRSP, which will cost approximately \$270 million, and is currently seeking investors for the project. Mid-Iowa will also help originate soybeans for the plant, where groundbreaking is slated for late October 2020.

“Not only will SRSP create more than 50 high-quality jobs, but it allows our area to build on its strong agricultural heritage,” said Jeff Kolb, executive director of the Butler-Grundy Development Alliance. “This will help expand farm income potential, and it will diversify the economy, which can benefit everyone.”

SRSP, by the numbers

The facility will produce 847,000 tons of soybean meal per year (2,420 tons per day) for livestock feed markets, 462 million pounds of crude soybean oil per year (1.32 million pounds per day), and 77,000 tons of pelleted soybean hulls per year (220 tons per day). The soy meal and soy hulls (which contain highly digestible fiber) will be used in livestock feed rations.

“SRSP will add tremendous value to soybeans in the eastern part of Iowa,” said Mike Knobbe, an SRSP developing partner with Kinley. “This plant will also benefit the livestock sector by providing high-quality, 48 percent protein soy meal.”

The soybean oil from SRSP can be used for a variety of applications, including the human food industry. Approximately 25 percent of SRSP's products will be used within Iowa, while 75 percent will be exported outside of Iowa.

SRSP will be able to unload trucks quickly, saving farmers and truckers a great deal of time when they deliver soybeans to the plant. “This soybean crush plant is a farmer's dream,” said Jeff Reints, who farms in the Shell Rock area with his son, Clay. “Our closest plant is more than an hour away, and it's notorious for having 3- to 4-hour waits. SRSP will increase demand for soybeans in our area. More profit potential means farmers will likely add more soybeans to their crop rotation.”

Assuming a 50-50 mix of beans by rail or truck, vehicle traffic to and from SRSP will include soybean deliveries from area farmers, as well soybean oil and meal transport. At peak capacity, approximately 150 trucks will access the plant per day. The plant's close proximity to the Iowa Northern Railway will contribute to efficient traffic-flow patterns around the logistics park.

"Iowa Northern is honored to have a key role in connecting Iowa agricultural communities direct to the North American transportation network," said Dan Sabin, president of Iowa Northern Railway Company, a Class III, shortline railroad based in Waterloo that serves industries throughout north-central and eastern Iowa. "We're pleased to partner with Mid-Iowa Cooperative on this dynamic project and look forward to fulfilling our role in its future success."

Rail cars will also be loaded out with crude soybean meal or oil. At peak capacity, the plant will load/unload approximately 35 railcars per day.

The plant will be built by Minnesota-based Fagen, Inc., the engineering, procurement and construction (EPC) design builder and development partner for SRSP. "It's a pleasure to work with the Fagen team," Kinley said. "They are the premiere design-build partner in value-added ag processing."

This extensive experience will enhance the opportunities generated through the Butler Logistics Park.

"This plant fits so well with this area, since the Flint Hills Resources ethanol plant and TrinityRail Maintenance are already here," Reints said. "Anytime you can add jobs that keep our rural communities and schools strong, it's a win-win. We're really looking forward to the ways this plant will grow the economic base in our rural area for generations to come."

Plant promotes partnerships, responsible growth

Other farmers agree. "SRSP offers a big opportunity to add value to local soybeans and boost the economy," said Bob Hogle, a Beaman-area farmer who serves as Mid-Iowa Cooperative's board president. "It will also help farmers save a lot of time. When you've waited in line at a soy processor for four, five or six hours to dump grain, it's such a waste. MIC knows there has to be a better way. SRSP is a great fit for our area, especially since we've unified with East Central Iowa Co-op."

The right leadership is key to this project.

"Mike Kinley, MIC's CEO, is a next-generation co-op leader who brings a wealth of experience with projects like this," Hogle said. "He has the right connections in the industry and management skills that are second-to-none."

A project of this scale requires a team effort. "Creating SRSP has taken a lot of stakeholders, including local farmers, ag cooperatives, economic development leaders, county zoning officials, the Butler County supervisors and many others," Knobbe said. "It's rewarding to see so many people working together to make this plant a reality."

SRSP will benefit the region for decades to come. “Providing soybean growers with a new option through SRSP isn’t just for today’s farmers,” Hogle added. “It will benefit the next generation, too.”