

## Nebraska could bid for Tyson chicken plant after Kansas squawking stalls project

By Barbara Soderlin / World-Herald staff writer - September 22, 2017



*Protesters line the sidewalks in downtown Tonganoxie, Kansas, as Tyson Foods announces its plans to build a \$320 million chicken processing plant near the town on Tuesday, Sept. 5. Tyson has since suspended its plans to build the plant there and said it will consider "other locations in Kansas and other states that have expressed support."*

Opposition to a big Tyson chicken plant in Kansas could be an opening for Nebraska to recruit the project. Nebraska economic development officials wouldn't say whether they're making a pitch to meat giant Tyson Foods for its project, which appears to be on shaky ground in Kansas. But Nebraska's success luring Costco's chicken processing plant — now under construction in

Fremont — helps lay the groundwork to bring more chicken operations here, site-selection expert John Boyd told The World-Herald.

“It invites other companies to look at Nebraska,” he said.

And he thinks Tyson will look here.

“I suspect they’re going to leave Kansas in the dust and look for another low-cost, right-to-work place in the Midwest,” said Boyd, with Princeton, New Jersey-based The Boyd Co. “Nebraska makes perfect sense.” (Right-to-work refers to laws in states that don’t require employees of unionized workforces to automatically join the union or pay its dues; Nebraska and Kansas are such states.)

Kansas Gov. Sam Brownback and that state’s economic development officials thought they had a success story when they announced Sept. 5 that Tyson would build a \$320 million poultry complex just outside the town of Tonganoxie, about halfway between Kansas City and the University of Kansas’ hometown of Lawrence.

But the Kansas plant ran into a buzzsaw of opposition during an event to unveil the plans, with townspeople booing and shouting at a Tyson executive and at local officials, according to local media reports.

Tonganoxie residents raised many of the same concerns that some Nebraskans did about Costco’s project: How will it affect the environment? Who will work there? How will the influx of workers affect schools and community? Why did officials keep it a secret until the announcement?

The Kansas opposition ballooned. An estimated 2,000 people attended a town hall meeting Sept. 15. Three days later, local county elected officials rescinded their support for the project.

After the outcry, Tyson poultry executive Doug Ramsey said Tuesday that Tyson would suspend its plans to build in Tonganoxie. The company still is interested in the area, Ramsey wrote in a letter to the community, but the company “will prioritize the other locations in Kansas and other states that have expressed support.”

Could “other states” include Nebraska?

“It’s too early to say what other locations we may consider,” Tyson Foods spokesman Worth Sparkman told The World-Herald.

The project isn’t dead in Kansas. The Kansas City Star reported more than a dozen other Kansas communities have contacted state officials about bringing Tyson to their towns.

Kansas Agriculture Secretary Jackie McClaskey is working to find other Kansas communities that will meet Tyson's needs. She told public radio station KCUR that there is a lot at stake: If Tyson takes its project to another state, Kansas would not only lose out on this investment, but other agribusinesses would think twice before investing there.

Boyd, the site-selection expert, agreed that losing the plant would be a blow.

"This is an opportunity for the state to develop and strengthen its bond with Tyson, one of the leading food processing companies in America," he said.

If Kansas lets the chicken plant slip away, that could mean it also loses the prospect of landing investments such as a Tyson regional headquarters, a back office or a customer service center.

Kansas' misstep could be Nebraska's gain, he said, although the project would most likely face some opposition in Nebraska, too.

And just because Fremont made sense for Costco doesn't mean Nebraska will be right for Tyson's operation, said Darin Buelow, a site-selection consultant and principal at Deloitte Consulting who worked with Costco to select its chicken plant location.

While Nebraska has advantages to offer food processors, Buelow said, "each company has different requirements related to supply chain, grower development, market access, and other issues."

Tyson's proposed plant is an even bigger investment than Costco's \$280 million Nebraska poultry complex, and the Tyson project calls for 1,600 workers, twice as many as Costco plans to hire. Tyson's plant would process fewer chickens, though: 1.25 million a week to Costco's 2 million.

Similar to Costco, Tyson would build a feed mill and chicken hatchery, and would contract with local farmers to raise the birds. It hopes to have the plant in production mid-2019.

Tyson said its project would generate annual economic impact to Kansas of \$150 million.

Tyson cited strong consumer demand for chicken in announcing its plans. The plant would produce pre-packaged trays of fresh chicken for retail grocery stores nationwide, sold under the Tyson brand.

Asked whether they're pursuing the plant, Nebraska economic development officials told The World-Herald that they don't comment on potential projects. Buelow said it's a common practice in economic development to try to attract businesses that would complement existing operators — in this case, to try to attract Tyson because Costco already is setting up shop.

The Nebraska officials said the state is an attractive option for a company looking to grow in animal agriculture.

“Nebraska has great opportunities for increasing livestock production in all species,” Department of Agriculture Director Greg Ibach said. Nebraska’s corn and soybean production mean low-cost livestock feed, he said.

Department of Economic Development Director Courtney Dentlinger described Nebraska as friendly to livestock production and food processing, and said it offers competitive incentive programs. States compete to lure companies with things like tax breaks or other inducements.

“Our quality of life, cost of living, educated workforce and strong agricultural communities would all be attractive for a company like Tyson,” she said.

Arkansas-based Tyson Foods, with more than 108,000 employees in the U.S., projects fiscal 2017 sales above \$38 billion. The company already has a big footprint in both Kansas and Nebraska.

In Kansas, it operates facilities in six communities, employs about 5,700 with an annual payroll of \$210 million and estimates its annual economic impact at \$2.4 billion, including its spending on grain, livestock, taxes and charitable donations.

In Nebraska, it has four facilities, employs about 9,000 with a payroll of about \$361 million, and estimates its economic impact at \$2.7 billion.