



Memberandum

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‘Unsettled’ Harless outlines lingering effects of the pandemic on rail transportation

After discussing lasting effects of the pandemic that cause the economy to be ‘unsettled’, Chairman Harless focused on issues primarily related to the rail transportation industry.

Leading up to the pandemic relations between class I railroads and labor unions were already stressed due to the staff reductions related to precision scheduled railroading (PSR) implementation. As the pandemic unfolded, rail freight was reduced, employees were furloughed, and equipment was parked. *“Contract negotiations, at a boiling point over PSR implementations, were further complicated when the pandemic amplified staff shortages,”* said Harless. As the economy recovered, unions threatened strikes that could have caused severe harm to the economy. A tentative agreement was reached in September and imposed on Class I railroads and Unions in early December.

Harless stated the rail industry is still not staffed to pre-pandemic levels. Staff shortages coupled with a difficult winter have meant HFCS tanker cars arrived late and were not shipped timely to customers. As a result, the plant had to cut back on production from December to March. *“BNSF is still working their way back to the quality of service our plant expects to receive and BNSF expects to provide,”* related Harless. He thanked BNSF’s Matt Jensen for his presentation to discuss BNSF’s plans going forward.

Harless then shifted gears to discuss the new partnership in ProGold which appears to be ‘calm and steady’.

“One year ago, we announced that Golden Growers and Cargill had become fifty-fifty owners of the ProGold plant in Wahpeton. That significant event started Golden Growers on a path that holds both possibilities and a promise.”

The possibility is the potential for a long-term joint venture with Cargill. The promise is a set purchase price of Golden Growers share in ProGold for \$81 million in late 2026 if a long-term agreement does not occur, explained Harless.

Harless stated that the partnership had been a positive experience with open lines of communication between partners. He highlighted several major capital investments that had occurred to include initial phases of the distributive control system (DCS) conversion, a pre-dryer rebuild, and the germ burner replacement.

“I can say with a level of certainty that the ProGold plant will continue to provide employment and serve our farm community for many years to come.”

“It has been a great honor and privilege to serve on the Golden Growers Board. Thank you for allowing me to serve as your Chairman,” concluded Harless.

Matthew Jensen relays BNSF’s challenges and plans going forward.

During his keynote speech to Golden Growers members, Matt Jensen discussed problems the railroad has experienced recently. *“Frequent and Extreme winter weather has resulted in slower train speeds, longer car dwell at terminals, the need for additional locomotives, and reduced work productivity.”*

BNSF is very experienced with winter conditions. *“Winter conditions are tough, but we believe we are better than any railroad in winter operations.”* He relayed how they prepare their locomotives and rail cars for seasonal extremes by numerous winterization measures to increase reliability. Jensen explained how winter operations are different. BNSF has proactively winterized over 1,500 locomotives. This includes heated air drains for moisture that can get in air lines and the relocation of locomotive air pipes, so they are less susceptible to freezing. BNSF has also replaced more than 33,000 railcars valve systems and replaced more than 6,300 gaskets between railcars. This will ensure air isn’t allowed to escape the train brake system during extreme cold weather. Railcar valves and gaskets need to be replaced and changed to avoid frozen air hoses. And when major snow events occur, it takes crews several days for crews to clear the snow in rail yards so operations can resume.

Jensen relayed BNSF efforts to become fully staffed. *“We achieved our hiring goal for 2022 of 3,000 new employees. For 2023, we are planning for 3,000 more.”* According to Jensen, half of those hired are for additional train crews. To meet goals, they have enhanced recruiting efforts to include hiring incentives, streamlined applications, and engagement with high schools, colleges, and military communities. Jensen acknowledged that it takes time to get fully staffed. *“New hire training for conductors can take up to 15 weeks to complete”*

From a North Dakota perspective, BNSF has 1200 employees maintains over 1500 route miles, and ships around 325,000 carloads from the state annually. Over the past ten years, BNSF has invested \$1.5 billion into rail assets within the state.

Annual Meeting Honors Retiring Directors

Mark Harless and Chris Johnson retired from the Golden Growers Board at the conclusion of the 2023 Annual Meeting. Harless was first elected in 2011 and served on the Board a total of 12 years. Johnson served twelve years from 2008-2020 and again in 2022 to fill a one-year term. Secretary Matt Hasbargen offered appreciation to both directors.

“Chris has the distinction of having served 13 years, tying the record set by Jason Medhaug,” commented Matt Hasbargen.



Chris Johnson



Mark Harless

“Mark set the record as the longest serving Chair since our cooperative began. Mark dedicated a great deal of time and talent. He led us during two key negotiations including the change in ProGold ownership. Mark set the standard for leadership,” stated Hasbargen.

Bylaw Amendment Approved, Four Directors Elected

GGC members approved a proposed bylaw amendment to change minimum income to be allocated to Method A pool members from 25% to 15%.

Golden Growers members also elected directors for three-year terms. They include: **Brady Koehl, of Hancock, MN as At-Large Director; Nicolas Pyle of Casselton, ND for the Central District; and Richard Bot of Minneota, MN for the South District. David Kragnes of Felton, MN was elected for the North District for a two-year term.**

At the 2024 Annual Meeting, directors will be elected for **three-year terms** for the **At-Large, North, and South** Director positions. If you have an interest, please contact Scott Stofferahn.

April 2023 Memberandum Newsletter



Golden Growers Cooperative
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Executive Vice President's Report

Stofferahn shared data which indicated how prices of units sold through FNC Ag Stock, LLC increased from about \$2.50/unit to \$4.50/unit after last year's agreement with Cargill was announced. He also highlighted changes in how ProGold accounts for capital investments that has simplified accounting. In December, Method A pool participation for 2023 very close to falling below 25%, which prompted the Board to increase the incentive to \$0.10/unit and offer a bylaw change to reduce the allocation threshold to 15%. The Board will determine a 2024 incentive at their September meeting.

Notify GGC of Changes!

Please remember to notify GGC immediately of address, phone number changes, or to report the death of a member. Call us at 701-281-0468 or email scotts@goldengrowers.com.

Important Dates:

June 7 - Last day to submit transer requests
June 15 - GGC Board Meeting
September 14 - Board Meeting
December 14 - Board Meeting
March 20 - GGC Board Meeting
March 21 - GGC Annual Meeting

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