



SUNFLOWER ELECTRIC POWER CORPORATION

House Appropriations Committee
Representative Troy Waymaster, Chair
Comments by Clare Gustin, Sunflower Electric Power Corporation
Support for Rural Housing
March 15, 2022

Thank you for allowing me the opportunity to discuss needs and opportunities for rural development. Two years ago, several groups with a vested interest in rural development commissioned research on the competitiveness of Kansas to boost value-added agriculture. The group includes Kansas Corn Growers Association, Kansas Farm Bureau, Northwest Kansas Economic Innovation Center and Sunflower Electric Power Corporation. Ady Advantage and McGuire Woods Consulting conducted the study.

The recommendations provide a roadmap for our collective agriculture community to coordinate efforts to market value-added opportunities in our state. Our coalition is committed to working with state agencies, other agriculture groups and local communities to implement the recommendations from the study. The recommendations are categorized in three areas: coordination, marketing, readiness, all of which are listed in the handouts with my written comments.

The pandemic has created a situation in rural Kansas that we haven't seen in decades. New residents, moving to rural areas for a variety of reasons, have purchased houses so our housing inventory is at all-time low.

Some examples of announced projects that require additional housing:

Phillips County – Summit Bioenergy is investing \$200 million in a wheat gluten plant and will add 55 new jobs to the existing ethanol plant.

Smith County – Applequist Manufacturing in Smith Center will need 65 jobs to support their new ag equipment manufacturing plant.

Ford County -Hilmar Cheese Processing will construct a manufacturing plant employing 250 workers in Dodge City. To supply the processing plant 4 – 5 dairies will be constructed and are expected to employ an additional 750 workers. The dairies will be located within a 40-mile radius of Dodge City, so the surrounding counties will need new housing to support the workers.

Sherman County - Goodland Tech has created 35 new jobs with a \$1.5 million annual payroll. This technology company expects to add over 100 employees in Goodland if they can find housing.

Norton County – Through the 12-month period of Jan 2021 through Jan 2022, five (5) Norton companies were approved by Kansas Department of Commerce for HPIP and PEAK tax credit projects. The scope of these 5 companies projects equals \$6Million private capital being invested locally to create revenue growth as well as 38 'net-new' well paid workforce positions. Additionally, State of Kansas facilities have 70 positions open; health care jobs bring total jobs open in Norton County to 186.

Saline County – In Salina the Schwan’s expansion will require 225 new workers and the Great Plains/Kubota expansion requires 113 new workers.

An ag equipment manufacturer in north central Kansas is housing workers in motel rooms. Other employers are purchasing motels or apartment complexes to provide worker housing.

Kansas is blessed to have economic opportunities. Site Selector Magazine recently awarded Kansas the Governor’s Award for per capita capital investment. Our collective economic development community is working hard to bring economic expansion to the state – but we need housing so these workers can bring their families to Kansas.

Thank you for considering the appropriation and legislation that provides additional resources for the expansion of housing in Kansas.

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About Sunflower—Sunflower Electric Power Corporation is a regional wholesale power supplier that operates a system of solar, wind, natural gas, and coal-based generating plants and a transmission system of approximately 2,400 miles for the needs of its seven Members, who serve customers living in central and western Kansas. Visit Sunflower’s website at www.sunflower.net.

Sunflower Electric Economic Development is a collaborative effort among Sunflower and its members to make a positive contribution to growing rural Kansas communities. Visit our economic development website at www.sunflowerecodevo.com.

CHALLENGES OF AGRIBUSINESS INDUSTRY IN KANSAS



THESE KEY THEMES FROM ADY ADVANTAGE'S KANSAS AGRIBUSINESS REPORT SHOW THE CHALLENGES OF KANSAS' AGRIBUSINESS INDUSTRY.

CONNECTING KEY STAKEHOLDERS AND THEIR ROLES

- Need for clarity on roles, marketing and strategy.

GROWING TECHNOLOGY AND AUTOMATION

- Need to continue to grow technologies to build on commodity production.

LEVERAGING UNIVERSITY RESEARCH ASSETS WITH INDUSTRY PARTNERS

- Need for better partnership on research and services to support agribusinesses.

EXPANDING BROADBAND

- Need for better connectivity to attract businesses and talent.

PROVIDING INCENTIVES

- Need to provide incentive programs to existing and new agribusinesses.

CHALLENGING ACCESS AND AVAILABILITY OF WATER RESOURCES

- Need for businesses to have water and wastewater capacity and availability.

PAYING TAXES

- Need to be aware property taxes are considered high.

BUILDING SITE READINESS AND COMMUNITY PREPAREDNESS PROGRAMS

- Need to assist with site development, infrastructure, capacity building and professional development.

ATTRACTING WORKFORCE IS A CHALLENGE

- Need to attract quality labor in the area, which includes affordable housing, broadband, foreign-workforce access.

UNDERSTANDING RESTRICTIONS ON CORPORATE OWNERSHIP OF FARMS

- Need for out-of-state companies looking to locate in Kansas, especially, to have a competitive advantage.

FOCUSING MORE ON VALUE-ADDED

- Need focus to include value-added products, not just agricultural commodities.

ADDRESSING CITIZEN CONCERNS (NOISE, SMELL, POLLUTION PERCEPTIONS)

- Need for education.

PURSUING OPPORTUNITIES

- Need for Kansas congressmen and women to identify and pursue opportunities more aggressively.

INVESTING IN INFRASTRUCTURE

- Need to continue to invest in transportation infrastructure.

KEY RESEARCH FINDINGS



**KANSAS MEANS
AGRIBUSINESS**

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KANSAS IS A STRONG PRODUCER OF AGRICULTURAL COMMODITIES. THERE'S A HIGH CONCENTRATION OF:

- Soil Preparation, Planting and Cultivating
- Crop Harvesting, Primarily by Machine
- Dog and Cat Food Manufacturing
- Other Animal Food Manufacturing
- Fats and Oil Refining and Blending
- Chocolate and Confectionery Manufacturing from Cocoa Beans
- Confectionery Manufacturing from Purchased Chocolate
- Animal (except Poultry) Slaughtering
- Meat Processed from Carcasses

KANSAS RANKS 24TH NATIONALLY IN INVESTMENT PROJECTS FROM 2015-2020.

FROM 2018-2019, KANSAS IMPROVED ON THE FOLLOWING STATE RANKINGS:

- Overall ranking
- Workforce
- Economy
- Infrastructure cost of doing business
- Business friendliness
- Access to capital

THE MOST CRITICAL LOCATION CRITERIA FOR AGRIBUSINESS PROJECTS, BASED ON SITE SELECTORS, ARE:

- Labor availability, quality and cost
- Supporting communities for the industry
- Utility infrastructure
- Low-cost environment
- Ready sites and buildings
- Transportation infrastructure and access to markets



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READINESS

MINIMIZATION OF RISK IS ONE OF THE KEY TRENDS IN ECONOMIC DEVELOPMENT, AND READINESS IS AN INTEGRAL WAY TO REDUCE RISK AND INCREASE SUCCESS IN DEVELOPING AGRIBUSINESS IN KANSAS. THE KANSAS AGRIBUSINESS ROADMAP, A REPORT FROM ADY ADVANTAGE, RECOMMENDS FOCUSING ON FOUR KEY AREAS:

PRODUCT READINESS

- a.** Examining emerging agribusiness-related sectors, like biomass to energy and cold storage to further expand sectors.
- b.** Building out business cases for identified target industries, which will serve as the baseline for communicating the benefits of locating in Kansas.
- c.** Determining where gaps exist in targeted industries and addressing them. Analysis will include workforce, innovation, sites and buildings, infrastructure and other items.
- d.** Creating cluster teams for each industry with representatives from various stakeholder groups, employers, colleges and universities, local economic development leaders and others.
- e.** Working with local and regional economic developers to identify assets in their regions.
- f.** Ensuring up-to-date listings of sites are maintained in a central database and identify agribusiness sites specifically to make them clearly visible to industry prospects.

- g.** Matching key sites and buildings with priority projects, and ensuring proper infrastructure is in place to support target industries.
- h.** Considering the development of an agribusiness-focused site certification program.

TALENT READINESS

- a.** Cataloging current talent initiatives at the local, regional and state levels.
- b.** Surveying existing employers to determine talent needs currently and in the future.
- c.** Assessing the risk of automation of all key agribusiness occupations in rural Kansas.
- d.** Analyzing alumni data to determine where Kansas graduates with agribusiness-related degrees are going after school.
- e.** Being strong advocates for increased funding for rural broadband and housing initiatives, including quality of place to entice and retain talent.

INNOVATION READINESS

- a.** Conducting outreach to the Kansas Manufacturing Solutions Team to encourage renewed focus on growing agribusiness in Kansas.
- b.** Engaging Kansas colleges to encourage more industry partnerships and collaboration to develop opportunities.
- c.** Identifying and attracting private and public funding to support research, development and startups in the agribusiness sector.

POLICY READINESS

- a.** Incorporating best practices seen in other successful states to advance agribusiness growth.
- b.** Outlining opportunities with Kansas Congressional delegation through legislative, regulatory and funding strategies.
- c.** Creating an agribusiness caucus to advance policy.
- d.** Aggressively pursuing grant opportunities and other funding packages.

ALIGNMENT/ REGIONALISM FINDINGS



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ESTABLISHING ROLES AND RESPONSIBILITIES OF KANSAS AGRIBUSINESS STAKEHOLDERS AND PARTNERS AS IT RELATES TO GROWING AND DIVERSIFYING THE AGRIBUSINESS INDUSTRY HELP CREATE AND BUILD A FOUNDATION FOR SUCCESS. THE FOLLOWING STRATEGIES ARE BASED ON RECOMMENDATIONS FROM A REPORT FROM ADY ADVANTAGE AND FOCUS ON THE IMPORTANCE OF ECONOMIC DEVELOPMENT REGIONALISM.

ENHANCE COLLABORATION AND ALIGNMENT

- a.** Mapping current agribusiness ecosystems in Kansas, including all partners and organizations with a vested interest in its success. Routinely convene these stakeholders to generate ideas and strategies to advances the sector.
- b.** Facilitating an MOU between Kansas Department of Commerce and Department of Agriculture establishing shared goals, formal roles and responsibilities for agribusiness development.
- c.** Tracking progress of the plan through key metrics and outcomes listed on a dashboard.

SUPPORT GROWTH GOALS

- a.** Reviewing existing state incentives and ensuring they're competitive with peer states.
- b.** Advocating at state and national levels for interests of agribusiness in western Kansas, including awareness and funding for innovation, infrastructure, workforce, etc.
- c.** Interview companies located in Kansas and those that did not select Kansas to improve marketing and discover what support activities are needed going forward.

ENCOURAGE AND PROMOTE CAPACITY

- a.** Cataloging players and programs, current capacities and goals, and what gaps (readiness, training, etc.) exist.
- b.** Providing training to local and regional economic developers and elected officials.
- c.** Giving one-on-one assistance to communities interested in focusing on agribusiness.
- d.** Exploring opportunities for regional cooperation on marketing, and formalizing partnerships with colleges and universities.



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MARKETING AND DIFFERENTIATION

TO BE MOST SUCCESSFUL IN GROWING AND DIVERSIFYING THE AGRIBUSINESS INDUSTRY, IT'S VITAL TO UNDERSTAND WHO TO TARGET, WHAT MESSAGES TO USE AND HOW TO REACH CURRENT AND FUTURE DECISIONS MAKERS. A REPORT FROM ADY ADVANTAGE SUGGESTS THE FOLLOWING STRATEGIES:

INCREASING AWARENESS

- a.** Creating a consistent agribusiness economic development brand and communicating a compelling story in Kansas. All stakeholders should be able to leverage the brand within their defined roles.
- b.** Developing a comprehensive agribusiness marketing plan to serve as a roadmap for attracting business development in target industries.
- c.** Creating a system for agribusiness stakeholders in the state to share and promote positive economic development news and agribusiness successes.

TARGETED OUTREACH

- a.** Developing an ongoing, multi-media marketing and awareness campaign to focus on promoting agribusiness, especially in western Kansas.
- b.** Conducting lead generation activities to identify decision makers looking to relocate or expand in the next few years.
- c.** Considering hosting familiarization tours and other site selector events to highlight the assets of rural Kansas.
- d.** Representing specific areas of the state at relevant agribusiness tradeshows and trade missions.