

# CHS MAGAZINE

WINTER 2024 | CHSINC.COM



## Soy Success

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food trends builds oil demand

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Jennifer Chick / writer  
Megan Gosch / writer  
Matthew Wilde / writer  
Adam Hester / photographer

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For editorial requests, email [cmagazine@chsinc.com](mailto:cmagazine@chsinc.com).

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*Jay Debertin, president and CEO, CHS*

## Partnering for Success

As believers in the cooperative system, we know the value of working with good partners. One excellent example of that is Ventura Foods, our long-time joint venture with Mitsui & Co.

Established almost three decades ago, Ventura Foods is focused on providing innovative, high-quality oil-based products for the foodservice industry. You may not notice Ventura Foods products at your local grocery store, but it's nearly certain the company's brands are a common sight in the kitchens and storerooms of your favorite restaurants.

Foodservice professionals trust Ventura Foods to supply dressings and sauces that make meals memorable. The ability of the talented Ventura Foods team to anticipate and satisfy changing consumer tastes means that you, as a cooperative owner working with CHS, benefit from the resulting demand for products made from soy and canola oil.

The Ventura Foods success story was founded on the shared values of its two parent companies — CHS and Mitsui — and continues today through efforts by President and CEO Chris Furman and his Ventura Foods team members whose hard work and strategic thinking maintain the processes and customer relationships that make Ventura Foods an industry leader and a trusted foodservice brand.

Every industry must endure challenging cycles and the recent pandemic was a difficult time for all foodservice companies. But Furman and his team didn't waver from their commitment to understand and meet their customers' needs. Ventura Foods emerged from those hard times even better positioned for growth.

I am confident Ventura Foods will continue to provide CHS and our owners with oilseed marketing opportunities while delivering valuable diversity for our commodity-based businesses. And I know we will continue to create similar success stories as we work together with all of you to create connections to empower agriculture.

**Have a question or feedback for the CHS management team? Get in touch with us at [feedback@chsinc.com](mailto:feedback@chsinc.com).**



# Soy Success

Commitment to quality and customers drives Ventura Foods revenue and commodity demand.



*By Matthew Wilde*

**V**ou may not notice branded Ventura Foods products, made mostly from soy oil, on grocery store shelves or highlighted on restaurant menus. But the company is a big player in the food

industry, which benefits farmers.

Ventura Foods — a California-based joint venture between CHS and Mitsui & Co. — manufactures packaged food products for the food industry. Customers include some of the largest restaurants,

grocery stores and foodservice providers, including 70 of the top 100 restaurant chains in America.

The company makes popping and butter-flavored topping oils used in movie theaters and sports arenas. Restaurants

use Ventura Foods frying oils to make crisp and tasty foods. Its sauces, dips and dressings complement culinary creations. Ventura Foods also manufactures margarines, butter blends, spreads, mayonnaises, >

➤ pan sprays and culinary bases that help chefs create recipes to tantalize taste buds.

"We're a custom company more than a branded one," says Chris Furman, Ventura Foods president and CEO. "If you go to the back of a restaurant and the chef is using fry oil or mayonnaise, it may be manufactured by Ventura Foods."

**"Owning 50% of Ventura Foods allows CHS to participate more completely in the supply chain. Ultimately, it allows us to return more money to farmer-owners."**

*— Todd Biedenfeld*

The company concentrates resources on its innovation center, manufacturing plants and employees, and improving its supply chain rather than on branding.

"That's really where our greatest strengths are and that's why we continue to do well by developing the foodservice side of our business," Furman says.

The strategy has helped Ventura Foods grow, driving oilseed demand.

## Strong Partnership

Ventura Foods revenues have increased by about \$1 billion in the past decade to nearly

\$4 billion in fiscal year 2023, which ended March 31, 2023. That growth benefits CHS farmer-owners in multiple ways.

Ventura Foods is a strong, consistent buyer of soybean oil and canola oil. The company annually purchases about 25% of the refined, bleached and deodorized soy oil, 15% to 20% of the high-oleic soy oil and 15% of the canola oil produced by CHS facilities.

Co-owning Ventura Foods directly connects CHS farmer-owners to the food supply chain, says Todd Biedenfeld, director of vegetable oil and sunflower sales with CHS.

"CHS has had incredible returns from our soy and canola processing businesses over the last few years and Ventura Foods is a large contributor to that success," he says. "Rewards to owners traditionally end when we ship out the refined oil and meal from our facilities. Owning 50% of Ventura Foods allows CHS to participate more completely in the supply chain and when Ventura Foods is profitable, we share in that success. Ultimately, it allows us to return more money to farmer-owners."

Furman adds the joint venture is successful due to the shared values of CHS and Mitsui. "The mutual respect and collaborative spirit are evident. I've had a front-row seat for 14 years, watching leaders of both companies work together to solve challenges."

## Soy Strength

Edible oils are the main ingredients in Ventura Foods products. The company annually uses 2 billion pounds of edible oils derived from soybeans, canola, palm, cottonseed, corn, peanuts, coconuts, olives and other plant sources.

Soy oil accounts for 65% to 75%



*Edible oils made from soybeans, canola and other crops are stored in huge tanks at Ventura Foods manufacturing plants.*



*Fry oil manufactured by Ventura Foods is ready to be shipped to customers from its Ontario, Calif., plant.*



Soy oil refined at the CHS Mankato, Minn., soybean processing plant is a main ingredient in Ventura Foods products.



Soy oil is primarily shipped via rail by CHS to customers.

of the company's oil use, Furman says. The company sources oil from CHS and other large suppliers throughout the world.

Ahmad Popal, senior vice president of food innovation and international with Ventura Foods, says soy oil is the primary ingredient because of availability and price and because it's an "excellent carrier for texture and flavor."

Ventura Foods is the largest oil customer for CHS, Biedenfeld says. CHS oils are shipped via rail and truck from refineries in Mankato, Minn., and Hallock, Minn., to 11 Ventura Foods plants nationwide.

"The beautiful thing about the joint venture is the two owners allow Ventura Foods to operate with autonomy to make business decisions in the best interests of the company," Furman says. "Mitsui encourages us to do business with CHS, assuming we're making the right decisions based on market conditions."

Darin Johnson, who farms with his family near Wells, Minn., sells about 100,000 bushels of soybeans annually to the CHS crush plant in nearby Fairmont, Minn. Soy oil produced in Fairmont is further refined at the CHS soy processing facility in Mankato, which ships oil to Ventura Foods and other customers.

"Soy oil demand and value

the past two years have been amazing. For farmers, it adds to our bottom line," Johnson says. "We know renewable fuels feedstock demand adds nearly \$1 per bushel to the price of soybeans and I think the food oil side of it adds just as much, if not more."

He expects soybean acres to increase to satisfy oil needs.

skyrocketed. Traditional dine-in restaurants, which didn't have drive-thru windows and little takeout business, needed to change to survive.

During the pandemic, Ventura Foods worked with restaurants to create a campaign called The Great American Takeout. "We adjusted to the changes with more packaging offerings geared toward takeout and delivery," Furman says, including more single-serving dips, dressings, sauces and margarines.

Before the pandemic, the company worked to increase and diversify its customer base to bolster long-term success. More than a decade ago, all its clients were in the U.S. and one customer accounted for more than 25% of Ventura Foods revenues. Now its customer base is spread throughout North America, Latin America and Asia.

"Our company is stronger, more focused on growth and more balanced. We're more diversified in our approach to the marketplace," Furman says.

In the future, he says, Ventura Foods plans to partner with customers in more robust ways, accelerating adoption of technology to support growth and the customer experience. >



### Adapt and Grow

The COVID-19 pandemic hit Ventura Foods hard. Sales plummeted when restaurants, schools and other customers were forced to close dining rooms.

The pandemic changed consumer behavior, says Furman. Demand for food delivery and takeout meals

# About Ventura Foods

## Formed in 1996

as a joint venture between CHS and Mitsui & Co. following the merger of Wilsey Foods and Holsum Foods

## Locations

Brea, Calif.  
(headquarters)

Birmingham, Ala.  
Ontario, Calif.

Port St. Lucie, Fla.

Thronton, Ill.

Opelousas, La.

Albert Lea, Minn.  
St. Joseph, Mo.

Portland, Ore.  
Salem, Ore.

Chambersburg, Pa.

Fort Worth, Texas  
Saginaw, Texas  
Waukesha, Wis.

Edmonton, Alberta  
Toronto, Ontario

## Selected brands

Hidden Valley  
Classic Gourmet

SunGlow  
Sauce Craft

Chef's Pride  
Grandioso  
LouAna

Gold-n-Sweet  
Smart Balance



Trevor Defelice, a product and menu development chef at the Ventura Foods Innovation Center, works to spice up chicken wings.

“Our company is stronger, more focused on growth and more balanced.”

— Chris Furman

### ► Food vs. Fuel

Furman says he expects competition for soy oil, the primary feedstock of renewable diesel and biodiesel, to intensify between the food and fuel industries.

Though heightened competition is a concern, Furman anticipates Ventura Foods will be able to acquire the soy oil it needs.

“We’re working with our major soybean oil suppliers to solidify our place in their portfolio,” he says. “We are a proven, time-tested source of demand soybean and canola crushers can rely on.”

Biedenfeld agrees a paradigm shift in soy oil

demand is occurring with growing demand for renewable diesel. CHS currently sells 80% of its soy oil to food companies and the rest for fuel and industrial uses.

“We assume our percentages [of soybean oil sales] will change in the future, but with our joint venture in Ventura Foods, CHS is dedicated to staying loyal to the food side of the market,” he says. ■

### Foodservice spending in the U.S.



**LEARN MORE:** Find details on Ventura Foods and its products at [venturafoods.com](http://venturafoods.com).

U.S. foodservice sales rebounded dramatically after a sharp decline in 2020, the height of the COVID-19 pandemic.

Source: USDA Economic Research Service

# Food Trends to Watch

Consumer habits are constantly changing and the food industry is striving to keep pace.

Ventura Foods, a CHS food processing joint venture, closely follows the latest food trends to provide products people desire. Ventura Foods President and CEO Chris Furman says adapting to consumer needs has helped his company become one of the

country's leading foodservice suppliers.

Ventura Foods has three state-of-the-art innovation centers outfitted with commercial kitchens and product, pilot and sensory labs. The centers are located across time zones to ensure team members are available to help customers and provide firsthand understanding

of food trends across regions.

Ahmad Popal, senior vice president of food innovation and international with Ventura Foods, is responsible for developing new products. He says the four trends below are guiding food choices and development.

*Ahmad Popal, senior vice president of food innovation and international, leads Ventura Foods product development.*



## Technology

Technology and social media have shifted food trends and consumption, Popal says.

The desire for global dishes and cuisine has dramatically increased the last 10 years, he says, partly due to what consumers experience on YouTube. "You can see what street food looks like in another part of the world, and the next thing you know, that food is on a local menu. We try to cater to that and make sure our customers see that flexibility as an advantage."

He says technology is contributing to the growing popularity of online retailers such as Amazon for food delivery. "Regardless of which part of the country you're in, you can get foods you love."

To help restaurants improve food quality, Ventura Foods is working on a project using cameras and artificial intelligence to monitor fry oil quality. The goal is to help kitchen staff know when oil needs to be refreshed. "Restaurants will change as automation improves," Popal says.



## Demographics

Millennials (born from 1981 to 1996) recently surpassed baby boomers (born from 1946 to 1964) as the largest segment of the U.S. population. And there are more Generation Zers (born from 1997 to 2012) than Generation Xers (born from 1965 to 1980). What does this mean?

"Young people like to eat different foods in different ways," says Popal.

The pandemic-era shift to off-premise dining and the growing influence of tech-savvy millennials and Gen Zers mean digital touchpoints are more important for restaurants.

"Five years ago, it was all about bricks and mortar, building restaurants for people to dine in," Popal says. "Now it's bricks and clicks or the option to dine in or pick up food. In five years, I see technology changing the dining experience even more, including connecting the consumer to the farmer."



## Urbanization and Mobility

People love to travel and millennials and younger generations are more apt to move for recreational and employment opportunities, Popal says. But that doesn't mean they leave their taste for regional foods behind.

Travel spending in the U.S. hit \$1.2 trillion in 2022, matching prepandemic levels, according to the U.S. Travel Association.

"If you think about how people have moved around the country, they bring in a certain type of restaurant or cuisine or a certain drink, and restaurants and retailers cater to that," Popal says.

Hot and spicy foods were recently all the rage, he says, but tastes are changing. Hot and sweet foods are becoming more popular, such as hot sauce with honey. "You find that around the world as a flavor trend, so at Ventura Foods, we're looking into new products that combine hot and sweet," Popal says.



## Sustainability and Transparency

Environmental stewardship will continue to affect food production and manufacturing, Popal says. "There's a lot of debate about climate change, but one thing that is not necessarily a debate is the increase in severe weather events the last five years. People are worried about the future."

Popal says Ventura Foods is working to lower its carbon footprint.

In 2022, the company worked with customers to recover nearly 537,000 gallons of used cooking oil, which was converted to biodiesel, reducing carbon emissions by more than 10 million pounds. And 10 of its 12 manufacturing plants reduced energy, water or waste by 3% or more.

More consumers want to know how the food they eat is produced, Popal says. "That desire is less visible in categories like edible oil now, but I expect as transparency demands increase, we will see it in this area as well."



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By Peg Zenk

# MASTERING MICROS

Precise delivery of key trace elements is a cropping challenge with plenty of potential payback.

**D**elivering ideal crop nutrition throughout the growing season is a challenge. While it takes time and finesse, focusing on more effective rates and timing of micronutrient delivery is proving to be a profitable next step in fertility management for many growers.

"We've seen a substantial increase in use of micronutrients over the past five years," says Shane Johnson, vice president of agronomy operations for United Cooperative, based in Beaver Dam, Wis. "For many Wisconsin growers, the primary increase has been on corn acres, but we've also seen more fine-tuning of micronutrient use on soybeans and alfalfa. About two-thirds of our growers now use a foliar fertilizer application on soybeans.

"Every set of soil samples we pull now has a full nutrient analysis, including micronutrients," he says. "It has become standard, so growers expect it and most are paying more attention to micros in their fertility plans."

Being able to fine-tune micronutrient use throughout the season requires taking the next sampling step: intensive tissue testing. "We encourage growers to start with their top-tier fields — those with the most yield potential — and pull tissue samples every two weeks during key growth and reproductive stages," says Eric Smith, agronomist and northern sales lead for United ➤



For agronomist and farmer Eric Smith, fine-tuning micronutrient applications requires intensive tissue testing and careful field mapping and analysis.

“Improving soil fertility and crop nutrition has involved changing our mentality to a

# ‘We can do this’

attitude about increasing yields.”

— Caden Cummings

- Cooperative in the east-central part of the state.

Smith, who also operates and runs trials on his family's 800-acre farm near Fremont, Wis., says testing is an investment, but one that usually produces significant returns.

“Growers in this region often have a wide variety of soil types across their acres, sometimes even within a field, so it's important to collect data that helps build a catalog of agronomic information about how crops perform on each field. Plant tissue testing is another layer of information we can utilize within a season and over a three- to five-year span to help fine-tune crop nutrient plans for the next year.”

## Start with Zinc

The first micronutrient Smith typically has growers focus on is zinc. “We include zinc in all of our starter fertilizers and in sidedress applications based on tissue sampling results.”

Zinc is a common element in

most starter fertilizers for corn because it aids in synthesizing enzymes that drive plant growth, especially in cool, early-season soils.

High levels of phosphorus can interfere with zinc uptake in the plant, especially on heavier clay soils, says Smith, so it may be necessary to increase zinc rates and vary application timing based on tissue sample results.

“In some cases, we've pulled zinc out of the sidedress application and added it to the starter because blending can be difficult at the farm site. Using 9% fully chelated zinc gives us more flexibility and easier mixing, while increasing plant uptake.”

## Manage Magnesium

In corn, adequate magnesium is essential for photosynthesis, as well as water use efficiency that supports heat and drought tolerance and late-season kernel fill, notes Smith.

“My agronomy counterpart Scott Firlus and I had an ‘aha’ moment with magnesium five

years ago, when we started tissue sampling for it and realized the huge ROI that was possible from supplemental applications,” he adds. “We commonly saw an increase of 9 to 11 bushels per acre in cornfields that got additional in-season magnesium, with 1- to 1½-pounds-per-bushel heavier test weights.”

Magnesium retention depends on the soil's cation-exchange capacity and is held on clay particles in the soil, so bigger yield responses are more common on irrigated acres and sandy soils with less organic matter, he says.

## Get Better with Boron

Boron is essential for plant cell wall structure, root growth and pollination. For corn, it's especially critical during tasseling and silking to drive flowering and grain fill. “We now usually recommend sidedressing boron at 1 to 2 quarts per acre and another quart with a later fungicide application,” says

*Sulfur has become a fourth major nutrient for many growers, says Shane Johnson, agronomy vice president for United Cooperative. He reports many areas growers have more than doubled sulfur use in the past decade.*



Smith. "Our field trials show a 2- to 4-bushel yield increase from in-season applications."

Because boron is so mobile in soil, he recommends plant tissue analysis timed around rainfall events and reproductive stages.

## Calcium Can Be Key

Adequate calcium levels are not always met, especially for soybean and alfalfa production, Smith says. Calcium is needed for cell wall strength and helps protect against fungal diseases such as white mold. "Later-season application of calcium and potash help preserve plant health by reducing disease issues." He adds providing enough calcium in multiple applications is essential for intensively managed alfalfa fields.

## Find Sulfur Solutions

Sulfur is often grouped with micronutrients, but Johnson notes it has become the fourth major nutrient as crop needs increased with the decrease in sulfur dioxide emissions from U.S. power plants and vehicles.

"Where 10 to 15 pounds of sulfur per acre used to be enough for corn crops here, we're now applying 30 to 50 pounds of sulfur per acre per season. Some is fall-applied elemental sulfur and some is in the form of calcium sulfate or ammonium sulfate, typically applied in the spring.

"For alfalfa production, staying on top of sulfur levels is huge," Johnson notes, "especially when you're managing to maximize cuttings and yield."

## Plains Plan for More Micros

On the Kansas plains, where most growers cover thousands of acres, speed is of the essence in spring.

"Our customers want to get crops planted quickly to take advantage of spring moisture," says Heath Labor, agronomy strategic account manager for Mid-West Fertilizer in eastern Kansas. "We were using more starter fertilizers on corn here, but are shifting to more fall application of sulfur and zinc with dry macros. About 60% of our growers have some type of micronutrients plan and that number is growing because they're seeing economic returns."

**"We've seen a substantial increase in use of micronutrients over the past five years."**

*— Shane Johnson*

To make that shift possible, Mid-West Fertilizer has upgraded its variable-rate application equipment, adding more bins for micronutrients on each rig. "With more hybrids now tailored to our drier conditions, it makes economic sense for growers to take a more tailored approach to micronutrient use, primarily zinc and sulfur."

Yates Center, Kan., grower Caden Cummings is convinced. Over the past decade, he has transitioned more of his family's 3,500-acre operation from wheat and milo to corn and soybeans. Early on, a friend in the seed business convinced him of the value of soil sampling on a regular basis.

"We started applying elemental sulfur in the fall and ammonium sulfate in the spring, and paying more attention to zinc," he says. "It quickly became

obvious that where zinc was out of whack, our yields were noticeably lower. Now our corn acres get additional zinc in a sidedress application, and we've added it to the starter because blending can be difficult at the farm site. On soybeans we make a mid-season application of sulfur and zinc with potassium, and we're looking at upping the frequency of sulfur applications throughout the growing season."

Yield increases have been consistent and substantial, he notes. "Eight to 10 years ago, our corn yields were in the 100- to 120-bushel range in a good year. Now we typically see 150- to 180-bushel yields, sometimes up to 200 bushels."

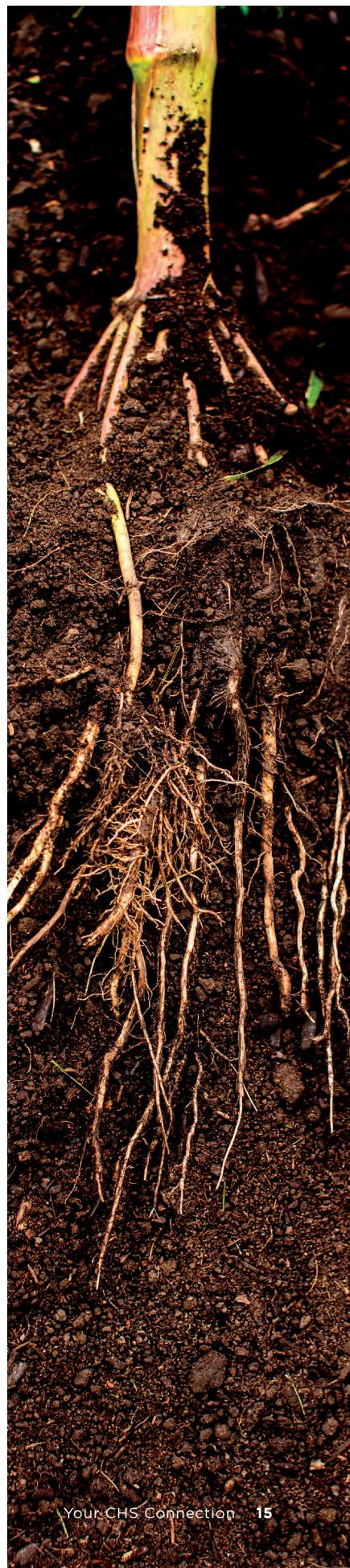
The business includes 1,500 acres of native grasses, baled and sold to dairies and beef cattle operations from Michigan to Texas. Cummings says more closely managing fertility on those acres, namely increasing sulfur rates, has improved nitrogen uptake and boosted grass yields by 20% to 30%.

"Improving soil fertility and crop nutrition has involved changing our mentality to a 'We can do this' attitude about increasing yields," he says. "We just had to start paying attention to the small things."

When it comes to mastering micronutrient use, both Smith and Cummings say they're about two-thirds of the way there.

"The last third will probably be less about needing additional micronutrients and more about delivery timing," says Smith. ■

**LEARN MORE: Find a 2024 price outlook for key micronutrients at [chsinc.com/c](http://chsinc.com/c).**



## Winter Wait

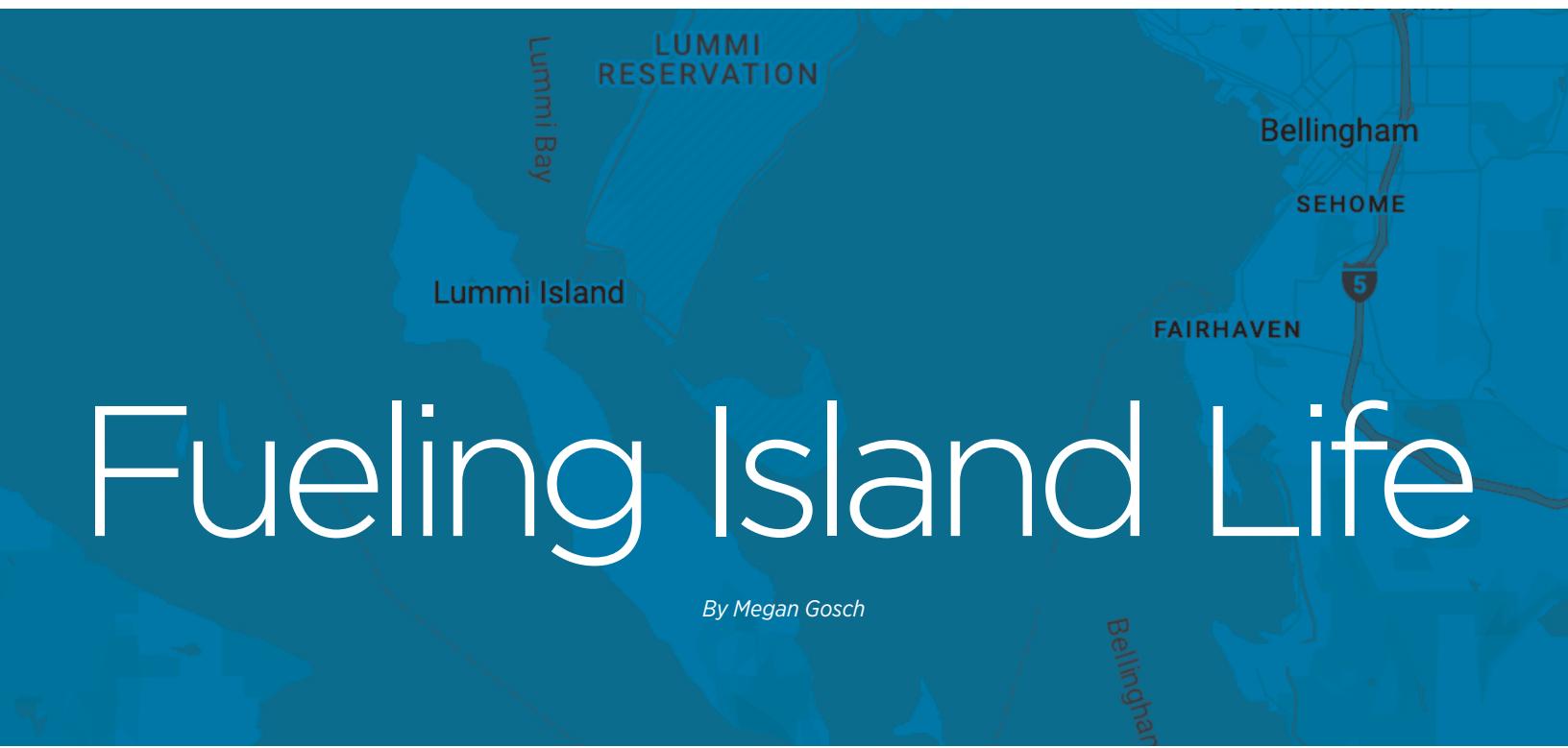
A quiet calm envelops many farm shops for a brief spell after harvest season. But that restful time is short-lived.

The lights are already burning brighter and into the night across rural America as equipment preparation begins for the 2024 growing season.

More daylight hours, warmer temperatures and the date on the calendar are surely reasons to head to the shop. But the siren call of renewed opportunities to add bushels, put new technologies to the test and match wits with Mother Nature are the real triggers for preseason excitement. Let the games begin.

— *Cynthia Clanton*





**A carefully choreographed balance of timing, skill and logistics keeps these remote residents powered with propane.**

You won't find a gas station or traffic light on Lummi Island. There's no supermarket, auto repair shop or hospital and picking up a prescription is a two-hour round-trip.

Like many rural communities across the Pacific Northwest, accessing everyday basics calls for extra time and thoughtful planning, but living on an island adds another level of complexity. Whatcom Chief, a small but mighty 20-car ferry,

is a lifeline connecting islanders to services and resources on the mainland, including propane.

"There's no running out to grab something you forgot earlier. Nothing gets here by accident, and we don't take conveniences for granted," says John Granger, longtime Lummi Islander, CHS propane customer and assistant fire chief for the island. "We're thankful to work with vendors like CHS who keep us supplied with the essentials — and propane is essential out here."

Where islanders once used heating oil, kerosene and lumber to heat homes, power appliances and fuel generators, they now rely on propane. The CHS Northwest team boards the ferry each week to deliver the gallons that keep the island's homes, fire house, library and general store humming.

"Delivery to the island comes with some unique challenges, but we do what it takes to ensure our customers have the supply they need," says Doug Palmer, CHS

Northwest energy operations supervisor based in Lynden, Wash. "We never want to leave anyone in a bind."

### Embracing Bottlenecks

Lummi Island is just a mile off the Washington coast, but delivering propane to the island poses unique logistical hurdles.

While Whatcom Chief makes dozens of trips each day for residential passengers, vehicles carrying propane, fuel and other sensitive materials are limited to two crossings per week.

Propane and fuel deliveries are made on Tuesdays and Thursdays, with just one designated trip back to the mainland, and vendors must be prepared to share the ride.

"You have to consider weight and size, and the ferry can only fit six bobtails at a time," says Palmer. "We can't bring an unlimited supply, so we have to embrace our constraints and get strategic. The best thing we can





do is plan ahead. Every delivery starts with a solid game plan."

## Supply Planning Personalized

Islanders are encouraged to enroll in the CHS Auto Fill program, which monitors the amount of propane left in a customer's tank and tracks use over time.

"We aim to have as few call-in customers as possible on the island because if they wait too long to call us, the ferry may not allow us back out for two to five days," says Sofie Brown, CHS Northwest energy sales coordinator. "With Auto Fill, we can keep an eye on their propane levels and they won't need to panic or call in frantically about running out."

The CHS Northwest team uses program data to predict how much propane each customer will need and when. Each morning, Brown confirms

customer tank levels, cross-references with historic use data and builds a delivery plan for the team's next trip to the island.

While residential customer tanks may typically be kept at a 40% or 45% fill rate, the CHS Northwest team aims to keep community resources like the island's fire house filled at a higher rate to ensure there are no supply issues should an emergency arise.

"With the Auto Fill monitoring system, our 1,000-gallon tank at the firehouse is always topped off — especially in the winter," says Granger. "It's a relief knowing we're taken care of and can focus on keeping residents safe."

Brown and her team also ensure customers are covered through the dry dock season. Each year, ferry service is suspended for several weeks to complete key maintenance and repairs. The shutdown typically takes place in late summer

when home heating needs are at their lowest, but Brown and her team work well in advance to ensure customers have enough gallons to see them through the service outage.

"This is where our historical data comes into play," says Brown. "We can't deliver extra gallons all at once, but we can look back through our records to understand how much customers are likely to need and gradually build them up to that level before service goes offline."

## Prepared to Pivot

Choppy waters, branches and brush, narrow gravel roads and flooded pathways are all in a day's work for CHS Northwest propane delivery driver Chris Arnold, who must be prepared to safely navigate any delivery scenario once he crosses the bay and arrives on Lummi Island.

High tides and turbulent storms can cause rocky ferry >

## Whatcom Chief — a Lummi Island Lifeline

**1.1** miles from the Washington mainland to Lummi Island

**36** crossings completed each day

**6** propane trucks allowed at once

**2** weekly ferry crossings allotted for propane deliveries

**20** passenger vehicles allowed at once

**1962** the year Whatcom Chief began service

*Facing strict space and weight limits on Lummi Island's ferry, CHS Northwest relies on Auto Fill data to plan deliveries around customer needs.*



rides, felled branches and impassable roads, while winter storms create precarious driving conditions, since plowing and salting are occasional services on the island.

"It can get hectic to deliver when the weather's bad, but the bigger issue comes with the tight driveways you need to access to reach propane tanks," says Arnold, who draws from nearly 20 years of experience to maneuver the many narrow paths that dot the island.

"It takes skill to back bobtails down tight pathways and navigate sharp angles. Trees and brush can create blockades and damage our trucks." In some cases, Arnold takes action to clear branches that pose an immediate threat.

The CHS Northwest team uses a safety-first approach for staff and customers. New customers are educated on their equipment, safe operation and delivery logistics. The team also works with the island's



*Maneuvering down the island's narrow, winding paths poses an added challenge for Chris Arnold and other drivers already tight on time.*

fire department to ensure emergency personnel are well-trained in the event of a propane-related emergency, and safety concerns ultimately determine if and when deliveries can be completed.

When he encounters potential risks, Arnold notes he assesses each scenario carefully before delivering and won't hesitate to skip a stop on his route if safety becomes a concern. "If you pass someone up, they might be

entirely out of propane by the next time you're able to make a delivery. Wait too long and you risk missing your ride."

Arnold's delivery routes are planned to ensure he can travel across the nine-square-mile



## Lummi Island Propane Delivery at a Glance

- Propane delivery to Lummi Island begins at the CHS Northwest energy facility in **Lynden, Wash.**
- Drivers make the **25-mile trip** to Gooseberry Point, where propane bobtails are loaded onto Whatcom Chief ferry for a ride across the bay.
- Drivers must complete their deliveries in **less than 4 hours** to secure their spot on the return ferry back to the mainland.



island and back in time to catch the only return ferry.

"Once you're on the island, the clock is ticking," Arnold says. "If you get stuck while you're on your route, you will literally miss the boat. A bobtail stuck on the island can have a domino effect for future deliveries, so it's critical to keep moving and stay on track."

"Our goal is to make sure our island customers have the fuel they need," says Palmer. "We'll tackle the challenges as they come to provide them with a reliable supply from a partner they can trust. That's what we're here to do." ■

**LEARN MORE:** Interested in Auto Fill services? Contact your cooperative energy team to review options in your region.



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By Matthew Wilde

# Helping Hands

**H-2A guest worker program helps farmers address labor shortages.**

Workers on Nick and Berenise Gomeza's farm near Ontario, Ore., race against Mother Nature to harvest more than 40 million pounds of red and yellow onions.

A wet spring delayed 2023 planting by two weeks and harvest didn't begin until late September. With average first frost typically landing in mid-October and several weeks needed to bring in 1,000 acres of onions, normal harvest stress was amplified. If it weren't for the 20 foreign workers the Gomezas hired through the federal H-2A temporary agricultural labor program, Berenise Gomeza says there's a chance many vegetables would have frozen and rotted in the fields.

"I can't find anyone locally to work [in the fields]," says Gomeza, despite offering pay exceeding Oregon's minimum wage of \$14.20 per hour. She knows harvesting onions isn't easy. Workers stand on noisy, dusty harvesters, quickly pulling off onion tops as the vegetables are loaded into trucks. Workdays can be as long as 16 hours.

Processing onions is hard, fast-paced work, too, but it all must be done.

"We only have so much time to get the crop in or we'll lose it," Gomeza says. "If it weren't for H-2A workers, we couldn't grow our business." >

# H-2A Workers Help Meet Co-op Labor Needs

The labor crunch is also being felt by cooperatives and the H-2A guest worker program is helping to fill those gaps.

The CHS ag retail location based in Devils Lake, N.D., first used the H-2A program in 2022, hiring three workers from South Africa. The number doubled in 2023 and is likely to reach 10 workers in 2024.

"It's increasingly difficult to hire part-time employees. Due to the seasonal nature of our business, we decided this would be our best option to fill hiring gaps," says Jason Edwards, the location's senior director of operations. "The program has allowed us to meet our customers' expectations while giving our facilities and employees the help they need."

On site from March through November, the guest workers prepared equipment and facilities for the growing season, handled grain and more. An added bonus: "Our employees made lasting relationships with the guest workers," says Edwards.

In the Pacific Northwest, cooperative teams and customers also benefit from the H-2A program. Five workers were based in Langdon, Wash., for the 2023 growing season, moving and applying fertilizer across the region as needs shifted. Jim Crockett, senior operations manager at Langdon, reports one worker even acquired a commercial driver's license so he could move fertilizer to farms and custom application rigs.



N.J. Gomeza Farms employees pick red onions that are loaded on the go near Ontario, Ore.

## Help Wanted

Labor shortages plague agriculture. The U.S. Department of Labor Statistics projects about 142,000 job openings on average every year through 2032 in farming, fishing and forestry.

Finding ag workers will likely get even tougher for many reasons, says David Magana, senior horticulture analyst with Rabobank. Key factors include skilled farm workers aging out without willing replacements, smaller family sizes in the U.S. and Mexico, and stiff competition from construction and other industries.

"There are fewer migrant workers now with the experience and willingness to work in agriculture," Magana says.

The H-2A program is one answer to the farm labor shortage. The program, primarily administered by the U.S. Department of Labor (DOL),

allows employers who anticipate a shortage of domestic workers to temporarily hire nonimmigrant foreign workers for less than a year. Jobs are generally seasonal and tied to an event or pattern, such as harvest or planting. Guest workers return home at the close of the season, but many return to the U.S. year after year, often to the same employer.

Use of the program by farmers, cooperatives and ag businesses has skyrocketed. The DOL certified more than 378,000 temporary jobs in fiscal year 2023, seven times the number in 2005. About 80% of certified job requests result in visas being issued to workers to enter the U.S., data shows.

## Investing in People

Using the program isn't cheap or easy for employers. Filing and visa fees are about \$1,000 per worker, according to the

U.S. Department of Agriculture (USDA). The paperwork is intensive and time-consuming and often means hiring a third party specializing in H-2A visa assistance, which can cost several thousand dollars per worker.

Employers must provide transportation for workers to and from their home countries and while working in the U.S. They must also provide housing and guarantee full-time work — at least 35 hours per week — at a mandated minimum wage of the average hourly pay for field and livestock workers in each state that exceeds the minimum wage, but doesn't adversely affect local workers. In Oregon, the 2023 pay rate was \$17.97 per hour. In some states, overtime pay is also mandated.

"The H-2A program is an alternative to meet the demand for ag workers," Magana says. "The H-2A program increases the

## H-2A by the numbers

(fiscal year 2023)

**389,908**  
positions requested

**378,513**  
positions certified

**20,881**  
total applications processed

**98.2%**  
applications processed

*Source: U.S. Department of Labor*

cost of labor for farmers. Some farmers who use it say, 'I have to pay 15% more [for labor], but productivity has gone up 20%.'

### Team Players

The Gomezas operate both N.J. Gomeza Farms and Riverfront Produce, located across the Oregon border and Snake River in Payette, Idaho. The farming operation started in

2005, producing a few hundred acres of onions. Besides onions, the operation grows 1,400 acres of winter wheat and added 600 acres of potatoes two years ago. A packing facility was acquired in 2011. The vegetables are shipped throughout North America to grocery stores, restaurants and food processors.

H-2A workers have been an integral part of the businesses for five years. Guest workers help plant, irrigate, apply crop protection products and harvest crops. Some workers are hired for a couple of months, while others stay the entire season. The Gomezas hired 28 men through the H-2A program in 2023 — about half of their workforce. One was from South Africa and the rest came from Mexico.

"While other businesses have struggled [to find help], we have continued to grow by adding potatoes to our program," Gomeza says. "[H-2A] has benefited us. It's expensive, but the guys are dependable and work hard."

Steve Mendiola, general manager of Farmers Supply Cooperative based in Ontario, says the local labor crunch is

real. The co-op, which supplies fertilizer, crop protection inputs and more to the Gomezas, is also considering using the H-2A program.

"We're always looking for help. Several local farmers and packing houses use the program," Mendiola says. "The Gomezas have fine-tuned using it."

"There's a lot of paperwork and state and federal regulations to follow," says Gomeza, "but once you get it down, it's a pretty easy process." Still, with a young family and a business to run, she hires a firm to help.

### Employee-Focused

Continuity and experience are critical to making the H-2A program pay, Gomeza says. That means treating workers well to ensure a core group returns every year, which reduces training needs and boosts productivity. As a result, she says, "We're raising more crops with less people."

The Gomezas purchased four furnished double-wide manufactured homes and one house for the operation's H-2A workers. Each home has air conditioning, a washer and

dryer, and a yard.

Gomeza inspects the homes each week and rewards workers with the cleanest residence with free groceries. The farm provides food during the workday, trucks and vans for transportation and cellphones to enhance communication, allow workers to record their work hours and let them communicate with family and friends.

For farmers thinking about using the H-2A program, Gomeza advises following the Golden Rule.

"If you expect your workers to do well, you need to do well for them," she says. "They are leaving their families for 10 to 12 weeks at a time, sometimes up to 10 months. It's only right to make sure they are treated well and rewarded."

C.P. "Soap" Venter, 22, sought out H-2A employment for the first time in 2023 and was foreman of the produce unloading crew for the Gomezas, working from mid-September to mid-December.

At home near Jeffreys Bay, South Africa, Venter works on a cattle and sheep ranch, earning the equivalent of \$15 in U.S. currency per day. He says he's used to working long days and enjoys the higher income he receives working for the Gomezas.

"We're here to chase hours, make money and get the job done," he says, adding he hopes to return to the Gomeza farm in 2024. "I want to impress the boss to come back and do it better every year." ■

**LEARN MORE:** Find details about the H-2A program at [flag.dol.gov/programs/H-2A](http://flag.dol.gov/programs/H-2A).



C.P. "Soap" Venter ensures red onions are quickly unloaded for processing at Riverfront Produce, Payette, Idaho, to keep harvest on track.

# GEARING UP FOR AN ELECTION YEAR

## The road to November begins in Iowa.

By Angela Tangen



Every four years, eyes across the U.S. focus on the 99 counties in Iowa, home to the Iowa caucuses. These nonbinding votes lay the groundwork for presidential election contenders, typically serving as a preliminary vetting for presidential candidates with viable campaigns.

Although it has the most visibility, the presidential election is just one of many 2024 elections that will be significant. As illustrated in the 2022 elections and the resulting redistricting battles, local elections matter to CHS producer-owners.

Rural America is losing representation in the electorate, so being engaged and informed is more important than ever. The CHS government affairs team tracks and engages in state and federal elections across the country, building awareness for owners through advocacy and education.

### Starting Now

Nov. 5, 2024, is election day, but voting began in Iowa on Jan. 15, 2024. Caucuses and

primaries are held throughout the country, paving the road to the White House. A caucus is a group of political leaders who meet to choose a candidate for president. A primary is a regular election, preceding the general election, where votes are cast for a candidate for office from a specific political party.

In 2016, several caucus states shifted to a primary structure, leaving just five states with caucuses: Iowa, Missouri, Nevada, North Dakota and Wyoming. Iowa conducts the first presidential caucus and New Hampshire kicks off the primary schedule. The last primary is scheduled in Massachusetts on Sept. 17, 2024, leading the final stretch to November.

Some states have open primaries, which allow voting outside a party, while other states have closed primaries, which

require voting within a party. While different in process, both a caucus and primary serve to cast a vote for a presidential nominee.

## Congressional Landscape

All 435 U.S. House of Representatives seats are up for election in 2024. At the time of publication, dozens of announced retirements mean there will be 22 Democrat and 11 Republican open seats, leaving a tossup for control of the thin Republican majority in the U.S. House.

A similar story can be told in the U.S. Senate, where one-third of the 100 senators are up for reelection. In addition to the 33 members regularly up for reelection, seven members (five Democrats and two Republicans) are not seeking reelection. In the U.S. Senate, razor-thin Democratic control is at risk, making each U.S. Senate race highly competitive.

Several states within the CHS footprint have high-profile

races that will draw significant national attention. In Montana, Sen. Jon Tester (D) faces a strong challenge by several Republicans, and the Ohio race is likely to run tight to the finish.

Two special elections for partial terms are scheduled for Nov. 5, 2024, for U.S. Sens. Ben Sasse (R-Nebraska) and Dianne Feinstein (D-California), who did not serve out their current terms.

## State Leaders

Of the 11 states that have elections for governor this year, the CHS government affairs team will be closely following the races in Indiana, Missouri, Montana, North Dakota and Washington. Other governor elections will occur in Delaware, New Hampshire, North Carolina, Utah, Vermont and West Virginia.

With policy issues increasingly originating at the state level, outcomes of state executive races and state legislative elections are also of note. As we have seen over the past 12 to 18 months, state executives and legislatures are becoming

more vocal regarding energy policy, international trade and agriculture workforce issues, which significantly impact CHS owners.

Across the country, 44 states will have state legislative races. These are not as visible as federal elections, with a fraction of the money spent on media and digital advertising compared to presidential campaigns, but work done at the state level can drive policies that guide congressional action and set policy precedents.

Topping the list of policies to watch for CHS are regulatory revisions to existing low carbon fuel standards (LCFS) in California and Washington and consideration of LCFS proposals in Midwestern state legislatures. These potential new regulations require emissions reductions through use of lower-carbon-intensity fuels, including renewable fuels, and electric vehicles. Congress has been working to develop a separate policy that mirrors several of the guidelines created at the state

level, further exemplifying how state policy can contribute to federal policy development.

## Get Involved

To learn more about your state election, go to your state election resource provided by the secretary of state website for a complete caucus or primary and general election calendar. As a U.S. citizen, voting is one way you can participate in the election process and serve your civic duty. Every vote counts and every vote matters.

This election year outlook is the first in a CHS political education and engagement series to empower owners in the political process. CHS government affairs is excited to bring opportunities for CHS owners to participate in advocacy by promoting a public policy agenda that supports the interests and issues impacting CHS and the cooperative network. ■

**LEARN MORE:** Find information on CHS government affairs activities at [chsinc.com/advocacy](http://chsinc.com/advocacy).

## CHS REPORTS FIRST QUARTER FISCAL YEAR 2024 EARNINGS

CHS Inc. has reported net income of \$522.9 million for its first quarter of fiscal year 2024 that ended Nov. 30, 2023, compared to \$782.6 million in the first quarter of fiscal year 2023. First quarter fiscal year 2024 highlights:

- Earnings were strong across our segments, although down from record first quarter earnings in fiscal year 2023.
- Revenues were \$11.4 billion, compared to \$12.8 billion in the first quarter of fiscal year 2023.
- Our Energy segment experienced favorable market conditions in our refined fuels business, reflecting sustained global demand for energy products.
- In our Ag segment, continued robust meal and oil demand drove strong earnings in our oilseed processing business that were offset by weak U.S. export demand for grains and oilseeds.
- Equity method investments performed well, with our CF Nitrogen investment being the largest contributor.

"CHS earnings were strong for the first quarter, despite a relative decline from last

year's record earnings," says Jay Debertin, president and CEO of CHS Inc. "Our focus on execution and efficiency improvements bolstered results across all operations. We continue to see the benefits of our diversified ag and energy portfolio, our strategic footprint and investments in our supply chain. The success of our domestic soybean and canola processing business and our international origination capabilities have helped us add value to our farmer-owners' businesses."

**Energy:** Pretax earnings of \$266.8 million represent a \$129.8 million decrease versus the prior year period and reflect:

- Decreased refining margins compared to the highs in the previous year due to trade flows returning to more normal levels
- More favorable costs for renewable energy credits
- Higher margins in our propane business

**Ag:** Pretax earnings of \$169.7 million represent a \$117.6 million decrease versus the prior year period and reflect:

- Decreased margins for our grain and oilseed and oilseed processing businesses primarily due to mark-to-market timing adjustments and weak U.S. export demand

- Increased demand for wholesale and retail agronomy products as selling prices remained lower due to global market conditions

**Nitrogen production:** Pretax earnings of \$36.5 million represent a \$60.4 million decrease versus the prior year period and reflect lower equity income from CF Nitrogen attributed to decreased market prices of urea and UAN.

**Corporate and other:** Pretax earnings of \$43.8 million represent a \$7.1 million increase versus the prior year period, primarily reflecting increased interest income due to higher interest rates.

### CHS INC. EARNINGS\* BY SEGMENT (in thousands \$)

	Three Months Ended November 30	
	2023	2022
Energy	\$266,835	\$396,594
Ag	169,720	287,299
Nitrogen Production	36,459	96,873
Corporate and Other	43,832	36,704
Income before income taxes	516,846	817,470
Income tax expense	(6,522)	34,554
Net income	523,368	782,916
Net (loss) attributable to noncontrolling interests	445	318
<b>Net income attributable to CHS Inc.</b>	<b>\$522,923</b>	<b>\$782,598</b>

\*Earnings is defined as income (loss) before income taxes.

## CHS OWNERS PASS BYLAWS AMENDMENTS

At the 2023 CHS Annual Meeting, held Dec. 7-8 in Minneapolis, Minn., CHS owners approved two sets of amendments to the organization's bylaws.

The first set decreases the number of representative

directors in Region 1 from four to three and increases the number of representative directors in Region 7 from one to two.

The second set modifies how dividends are treated when calculating the net income or net loss of an allocation

unit from patronage business and provides the Board with increased authority to add an additional amount of patronage income, not to exceed 35%, to the capital reserve.

## CHS OWNERS ELECT SEVEN NEW BOARD MEMBERS

Elected to the CHS Board of Directors at the 2023 CHS Annual Meeting, Dec. 7-8 in Minneapolis, Minn., were, C.J. Blew, Castleton, Kan.; Scott Cordes, Wanamingo, Minn.; Jon Erickson, Minot, N.D.; Tracy Jones, Kirkland, Ill.; Tony Rossman, Oronoco, Minn.; Dan Schurr, LeClaire, Iowa; and Cortney Wagner, Hardin, Mont. Rossman was elected from Region 1 (Minnesota) to replace Perry Meyer, who retired from the Board.

The following CHS Board members were elected to one-year officer terms: Schurr, reelected chair; Blew, elected first vice chair;

Cordes, elected second vice chair; Russ Kehl, Quincy, Wash., reelected secretary-

treasurer; and Al Holm, Sleepy Eye, Minn., reelected assistant secretary-treasurer.



*Elected to the CHS Board of Directors at the 2023 CHS Annual Meeting were, from left, C.J. Blew, Cortney Wagner, Tony Rossman, Jon Erickson, Scott Cordes, Dan Schurr and Tracy Jones.*

## CHS AND GROWMARK EXPLORE OPPORTUNITIES TO BEST SERVE CUSTOMERS AND OWNERS

CHS and GROWMARK recently announced the cooperatives will explore ways to identify opportunities to further collaborate to better serve owners, customers and the cooperative system into the future.

The two farmer-owned

cooperatives are currently collaborating to improve agriculture, invest in technology and bring new solutions to customers. In 2021, CHS and GROWMARK formed Cooperative Ventures, a venture capital fund focused on supporting advances in

technologies for agriculture.

“We believe that by working together we can better serve our farmer- and cooperative-owners. Ultimately, we aim to better meet customer demand for our owners’ products around the world and increase the value of the cooperative system,” says Jay Debertin, president and CEO of CHS.

While the outcome of the exploratory process is not yet known, both GROWMARK and CHS anticipate emerging with an even stronger relationship focused on improving customer outcomes and strengthening agriculture for farmer- and cooperative-owners.



## CHS BROADBENT TO BUILD GRAIN TERMINAL IN AUSTRALIA

CHS Broadbent, a joint venture between CHS and Broadbent Grain, plans to develop a new 80,000 metric ton bulk grain export terminal on the coast of Victoria, Australia, about 45 miles southwest of Melbourne. The new facility will increase competition and create opportunities for growers to connect directly to export markets.

Construction on the 12-acre site in Geelong, Victoria’s second-largest port, is expected to begin in 2024. CHS Broadbent will own and operate the terminal, which will offer rapid road and rail unloading capabilities and market-leading grain-handling technology to ensure quick turnaround times and efficient loading of bulk export vessels. The terminal will have annual export capacity of 1.5 million metric tons.

“We’re excited to embark on this key investment in Australia’s newest grain terminal,” says Brian Schouvieller, CHS senior vice president, product lines, ag business, and a member of the CHS Broadbent board. “The Geelong location extends our supply chains in the Asia Pacific region and provides farmers with a unique opportunity to connect with our global network.”

**GET MORE:** Sign up to receive CHS press releases by email or RSS feed at [chsinc.com/news](http://chsinc.com/news).





# Bright Future

Nebraska cooperative farmer-owners Taylor Lynch and Jamie Robinett provided the following moment of reflection at the 2023 CHS Annual Meeting. They are members of Cooperative Producers, Inc. (CPI), based in Hastings, Neb.

We are all here today because we are part of agriculture. Our farms and ranches may look different; we may plant different crops and raise different types of livestock, but we are part of something bigger. Agriculture unites us.

Through agriculture, we learn the value of hard work, how to set goals and how to take responsibility. Life on the farm has many challenges, but the rewards are great. And that's the life we want for our children.

Why do we choose agriculture?

It's the satisfaction of starting with a healthy calf and watching it grow into a finished steer, heading to market.

It's being part of the season-long journey, planting the crop, protecting it throughout the year and bringing in a successful harvest.

It's the thrill of getting the judge's nod in the show ring as a reward for months of work and anticipation.

It's being amazed at how your 4-year-old daughter notices every little thing that's new on the farm day after day.

It's the chance to test your problem-solving skills every hour of every day, since no day unfolds quite the way you expect.

It's having a front-row seat to watch the seasons turn and being amazed at the beauty created by God and Mother Nature.

It's getting a helping hand from neighbors before you have to ask — and pitching in to help them in the spirit of true cooperation.

It's shared stories and memories, laughing and crying together because we're all family.

It's conquering unexpected challenges that test what you're made of.

It's the joy of coming back to the farm after you've been away because you know that's exactly where you want to be.

We honor our past and we look forward. The future of agriculture is bright! ■



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## C TOMORROW

### Inventory: There's an App for That

Moving crop protection products to cooperatives and farms just got easier and faster at CHS distribution warehouses.

A digital inventory app recently developed and implemented at all 20 warehouses will improve efficiency and help ensure the right products are ready and waiting for busy seasons.

At CHS, warehouses shut down once a month to check inventory. Prior to using the app, the inventory process would take 20 to 24 hours, says Bruce Vettleson, who manages warehouse operations at the CHS facility in Fargo, N.D. Maintaining accuracy was a challenge when manually entering data on paper logs and spreadsheets and relaying it to the accounting team to reconcile inventory with sales records. Any discrepancies meant a recount, which delayed returning to full operation.

With the new digital inventory process, product counts are entered into the app, which automatically reconciles inventory to send to accounting for verification. If a count is off, it can be redone on the spot.

Inventory now takes half the time it used to, Vettleson reports, and miscounts have dropped to nearly zero. The app also helps warehouse employees locate products, identify similar products from different manufacturers and ensure needed inventory is always on hand.

"We took a very manual, labor-intensive process and streamlined it," he says. "With the app, we have more time to receive and ship products," and that helps avoid product delivery delays.

— Matthew Wilde

