Kreie: Ethanol May be Key to Economic Development

Rod Kreie is no novice when it comes to economic development. In the past quarter century, this 1977 Southwestern alumna has been involved in bringing businesses as diverse as a clothing store and a fresh produce plant to Grant County. Still, he’s never seen anything like what’s about to happen in Ulysses.

Within the next few months the southwest corner of Kansas will see the construction of a $90 million plant to produce ethanol. And when that plant goes into operation, Kreie says, it just may start to turn around that community’s precarious economic state. In the past few years, more than 70 percent of taxes paid in that area have come from oil and gas producers. Kreie points out, and as production dwindles, economic lifeblood is dwindling as well.

“Our valuation went down this year for the first time in several years,” Kreie explains. “They’re probably producing half the gas they did 30 years ago, but the price is over twice as high so the valuation remains high. We have reached the point in time where the decline in production is exceeding the increase in price for valuation. So if we do nothing, our town would literally dwindle away because we just aren’t able to remain competitive with other communities.”

A good start on a solution to this dilemma, Kreie believes, is the ethanol plant. A certified public accountant who sold his practice a decade ago, Kreie speaks passionately about the need for this kind of economic development in southwest Kansas. For years he has helped investors buy and sell businesses, often providing accounting services at free or reduced cost in order that the business could get off the ground.

But he’s never done anything like this ethanol plant. In the eight months since he began working with the Nexsun company, the group has produced internal feasibility studies, has plotted production of the grain that will be converted to ethanol, has projected how the plant will affect local agriculture commodities.

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Kreie has used his years of experience and his connections as entrée for the investors. As a result, this project has gotten off the ground with amazing speed, Kreie says. Despite its experience in the field of ethanol production, Nexsun (which also has plants under construction in China and in Washington state) has been delighted with Kreie’s efforts.

“I think when you are honest and you have integrity, that opens a lot of doors for you,” he says.

When the plant is online, it will be converting 16 million bushels of corn into 45 million gallons of ethanol, most of it to be sold on the front range of the Rocky Mountains. Approximately 40 employees (three-fourths of them engineers and other white-collar workers) will become part of the Ulysses community.

Even more importantly, the plant will have the ability to use milo as its grain source, a crucial distinction in this area where water for irrigation is an overriding concern.

“It takes a lot less water to grow milo, so the water savings would be in the trillions of gallons annually if we were to grow and use all milo,” Kreie adds. But the ethanol plant is only the beginning of Kreie’s ambitions when it comes to economic development.

“This is the most cutting-edge project I’ve worked on, but I’m working on another one now that might be in the $600 million range when we get through,” Kreie predicts.

Following proven practices that already exist in Europe and other countries, this enormous project known as an agriplex would be a series of businesses that complement each other to produce a completely efficient system. One example would include a business that grows algae, squeezes the oil out of the plant to make bio-diesel, then sells the by-product to a fish farm that sells fish as a food product.

“It’s a circle of industry that works together in a system where we end up with zero emissions and zero waste because all the waste is consumed by another element of the agriplex,” Kreie says, his voice crackling with excitement.

It’s an ambitious project, but Kreie is undaunted by the prospect. He’s grown accustomed to a frenetic lifestyle, with a “retirement” schedule that currently includes serving as a Southwestern College trustee, Rotary district governor, as a volunteer for a variety of other causes, and as an economic development advocate. With the Nexsun ethanol plant well on its way to reality, the agriplex seems like a logical next step.

“I may not get it put together,” Kreie concludes, “but it won’t be because I didn’t try.”

Southwestern College’s Athletic Hall of Fame inducted five new members during ceremonies Saturday, Nov. 3. Joining the list of all-time greats were (clockwise from back left) Jimmy Peppers ’62, football and track; Gary Garzoni ’72, football; Jim Davin ’65, football; Esther Wilson ’79, tennis; and Dave Warren ’51, baseball.

This tree could become the ethanol feedstock of the future if current experiments pan out, Rod Kreie says.

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