



## Southern Minnesota Beet Sugar Cooperative

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**FOR IMMEDIATE RELEASE**

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### **Southern Minnesota Beet Sugar Cooperative to Decommission Spreckels Sugar Company, Inc. in California**

*Despite SMBSC's Investments in the Nearly Century-Old Facility, Years-Long Economic Challenges Facing the Sugar Industry & Facility Make Its Operations Unviable; SMBSC to Provide Comprehensive Support & Retraining for Workers During the Facility's Transition*

**Brawley, Calif.** – Southern Minnesota Beet Sugar Cooperative (SMBSC) today announced the decommissioning of its Brawley, California, operations under its subsidiary, Spreckels Sugar Company, Inc. Operations are scheduled to begin the decommissioning and closure process at the nearly 100-year-old facility in late July 2025 as the current processing season winds down. Certain functions, including warehousing and shipping, will continue to operate until all products have left the facilities, likely in late 2025 or early 2026.

This decision comes after a thorough evaluation of the long-term financial and operational challenges facing the facility as well as an assessment of the economic challenges and uncertainty facing the sugar industry that have been building for several years.

Over the past several years, the U.S. sugar industry has faced various external factors that have hurt the industry, including the uncertainty in the macroeconomic environment, declines in sugar and co-product prices, and the impact of inflation since the pandemic – all affecting sugar factories across the country. The industry also faces added pressure from foreign sugar sources in domestic markets due to the increased volume of tier-2 imports. On top of this, the U.S. Sugar Program and its out-of-date loan rates for refined beet sugar have neither kept up with inflation nor the rising costs of production. The result is that the Spreckels facility has suffered cumulative losses over more than a decade. Taken as a whole, it was determined these factors make the future of the Brawley facility not financially viable.

“This was a difficult decision brought about by factors largely out of our control. Despite our extensive investments in the facility, the economic challenges facing the sugar industry have been building for several years as the costs of operating the Spreckels facility have continued to escalate. As a result, we made the difficult decision to close the Brawley factory and carefully focus our resources on the Renville, Minnesota factory given its strong performance and updated technologies,” **said Paul Fry, president and chief executive officer of SMBSC.** “We appreciate the California Beet Growers Association (CBGA) working

with us over the years and are proud of this facility and the workers who have operated it. During this transition, our focus remains on supporting the workers at the Brawley factory and the community.”

Since purchasing the facility, SMBSC has invested a significant amount in the factory, the workers at the facility, and the surrounding community. In the past 10 years, SMBSC has invested close to \$100 million in the nearly century-old facility to make improvements and repairs to try to modernize it. It also increased total annual compensation paid to employees more than 66% during that time frame. Despite these investments, the facility has lost money over the past 10 years.

SMBSC will instead focus its resources on the Renville, Minnesota factory considering its strong performance, modern technologies, industry-leading production capacity, and logistical advantages. Focusing SMBSC’s resources on the Renville facility will help ensure the continued viability of the cooperative and best support SMBSC’s business and broader workforce into the future.

Since 2000, [28 sugarbeet and sugarcane facilities](#) have closed, leaving 43 remaining, as organizations wrestle with the economic realities the sugar industry faces and the need for higher yield, more efficient facilities to survive. The Brawley facility was the last remaining sugarbeet processing facility in California.

This decision also comes after years of SMBSC discussing with the CBGA the long-term financial and operational challenges facing the facility. Unfortunately, it would require a hundred million dollars or more in capital investments to make the Brawley facility financially viable – investments that the cooperative’s business cannot support.

### **Commitment to Employees and Community**

SMBSC recognizes the impact of this decision on its dedicated workforce and the surrounding community. The company is implementing comprehensive support programs, including severance packages, job placement services, retraining programs, and counseling services to assist affected employees.

### **Commitment to Quality and Service**

Until the factory’s closure, SMBSC remains dedicated to maintaining the highest standards of quality, service, and regulatory compliance. The company assures its customers and regulators that all current commitments will be honored during the transition period. SMBSC’s marketing partners, National Sugar Marketing (NSM) and Midwest Agri-Commodities (MAC), will contact affected customers directly to communicate the process being undertaken and ensure there are no supply disruptions during this transition.

### **Future Opportunities**

As part of its strategic shift, SMBSC is exploring new avenues for growth and partnership opportunities at the facility. SMBSC is engaging with local stakeholders to explore repurposing the property to support economic development within the community. The company is committed to maintaining positive community relations and transparency throughout this process.

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