

Storage shortage a sign of the times

GRAIN storage will be hot property this fall. And Dennis Mennenga will be in the thick of the action in McLean County, which holds bragging rights as tops in the state's corn and soybean production.

Dennis works for McLean County Service Co., which ramped up for the 2007 crop by adding a 750,000-bushel bin at its McLean facility. The new bin brings the commercial elevator's capacity up to 2.5 million bushels. He also owns a country elevator at Sabina, which includes an old grain elevator house, three flat grain storage buildings and 14 round steel bins.

In total, the 18 structures have a 400,000-bushel capacity.

One area farmer is renting out 100,000 bushels of storage. Dennis will wait and see if the remainder of the Sabina elevator is rented.

With a 16% increase in Illinois corn acres this year and a record corn crop expected in this area, the prospects for filling the Sabina elevator look promising. "I think it's the best crop I've ever seen," says Dennis, who also farms with son Eric. "I believe every structure will be filled. It will make sense to store grain this fall. The basis is terrible."

Those who use commercial storage will probably have to pay about 10% more for it than last year. "Storage rates will increase this year

at the elevator," says Dennis, who points out rates haven't changed for 10 years.

Elevator consolidation
Mirroring the trend to large farms, the country grain elevator industry has experienced considerable consolidation and concentration. "Illinois has about 60% fewer commercial elevators than it did 20 years ago," says Jeff Adkisson, executive vice president of the Grain and Feed Association of Illinois.

"Just like there are fewer farmers handling more acres, there are fewer elevators handling more bushels," says Adkisson. The profitability of elevators is directly related to the volume of grain purchased and stored at the elevator over the course of the year.

The closing of small country elevators is a sign of the times.

Dennis recalls that when FS bought the Sabina elevator in 1974, the company had "big plans to keep it going." But times changed and the old country elevator wasn't equipped for larger farmers with semis. Local road weight limits were another problem.

Country elevators sitting idle can be a good deal for farmers in search of storage, believes Dennis. However, the older facilities need to be maintained or they will quickly fall into disrepair.

"You have to really know the basics of how to operate them," he says.

Allen and son Chad Broster ordered two new bins last November for their farm operation near West Salem in southeastern Illinois. "We got the best discount you could get," says Allen, who took advantage of a grain-bin price drop after harvest. The Brosters bought their bins from Wabash Valley Service Co. at Grayville, which has enjoyed a booming business in sales and a busy summer to get bins up before harvest.

Adkisson says that companies that build bins were booked in February or March this year. "If they didn't get in early [to buy storage facilities], they were left out in the cold."

Like the Brosters, much of the countryside has been getting ready for bigger and bigger corn crops. "Everybody knows this is coming," says Allen: Farmers keep building more bins and more bins, while many elevators have increased temporary storage capacity.

Not everyone sees a storage problem. Widespread concern that a storage shortage might

exist in some quarters is unfounded, according to Darrel Good, a University of Illinois Extension marketing specialist.

"If new space was added at the same rate in 2007 as in 2006, national storage space will exceed fall grain supplies — old-crop stocks plus production — by about the same margin as in 2004 and 2005," commented Good in a recent marketing column.

"Even in Illinois, where the corn crop is expected to be 27% larger than in 2006, the deficit of storage space will not likely be larger than in 2004," says Good.

Adkisson sees that elevators have also been aggressive in getting last year's grain shipped out of facilities.

All things considered, a big 2007 crop and storage crunch is a good problem to have, points out Adkisson. Don't underestimate the ability of Illinois' grain industry, he advises. "Over the years, our industry has always risen to the occasion to store whatever the farmer brings to us."

HANGING ON: Tradition runs strong at the Sabina elevator, where farmers meet twice each week for a chat and coffee with Paul Heagy (standing). "This is a tight-knit group," says Eric Mennenga, pictured with father Dennis.



Sabina elevator lives

By **CHERRY BRIESER STOUT**

THE Sabina elevator is the first and, more than likely, the only landmark you'll spot when approaching this tiny southeastern McLean County town.

While Sabina consists of just a handful of homes today, rural farming traditions are about as long-standing as this country elevator, built in 1914.

Retired McLean County farmers Paul Heagy and Dale Marshall open up the Sabina grain elevator office on Monday and Wednesday mornings.

Heagy, 85, pulls up to the country elevator on Sabeana Road in a Buick Lucerne with the license plate Sabina 2. (He wanted Sabina 1 plates, but they belong to a Chicago woman named Sabina.)

He heads into the tiny office to make a pot of coffee for the five or six regulars who meet here twice each week. The farmers gather for a cup of brew and to chew over local news and check the markets. "Gossip gets around fast," says Heagy.

Four years ago, local farmers feared they were going to lose their gathering spot when the McLean County Service Co. decided to shut down the Sabina elevator and sell the property.

Dennis Mennenga bought it. "I worked there and managed it [the Sabina elevator] for 26 years. It was hard to let it go," Dennis says. "They gave the farmers that put grain in there the first opportunity to

buy it. I was the only one that put a bid on it."

The June 2003 elevator purchase agreement included a clause that the facility couldn't open as a commercial elevator for five years. "I could re-open it in 2008," says Dennis, although his long-term plans for the facility remain uncertain. For now, he rents out the elevator to farmers for grain and machinery storage. His son, Eric, also uses one of the buildings for his seed-corn business.

"It makes me sad to see country elevators going by the wayside," says Dennis, who has a soft spot for the old elevator built with wooden pegs. The 50,000-bushel wooden elevator "is still in good shape," and they still use a rope man-lift to reach the upper bins. "All the big elevators have push buttons. It's hard to keep it all updated.

"Everything is built bigger today," he adds. The Sabina elevator is equipped to handle 30,000 bushels of grain a day. In comparison, the elevator at McLean can handle 100,000 bushels a day.

Prairie history

The regulars at the country elevator take their role in preserving this prairie-farming icon seriously.

"I've been coming here since 1948," says Heagy, who has celebrated many landmark birthdays — 40, 50, 80 — with cake and friends at the elevator.

"There's something else interesting at Sabina," he notes. "It has a 100-year club," he says, explaining that the aptly named Sabina Club is a social group limited to 24 members. "My wife is one of the oldest members."

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