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The Cost of Opportunity: Big Pork Comes to Mason City

JOHN P. LEE

Mason City is a mid-sized Midwest rural community in North Central Iowa. Its population in the 2010 census was 28,052. Although our town has grown into a significant retail center for North Iowa, and there has been great buzz around the world in regards to our architectural and cultural history, [Mason City](#) has fallen on hard times. From the early 1900's to about 1980, it was a growing city with great industry and retail. After the farm crisis of the 1980s and with its aging demographic, it has been slowly declining in population. Many industries left or closed during the recession of 2007-08. In the late 1970's, our graduating classes had been between 500-600; they have since fallen to just under 300.

I am an American History and American Government teacher with over 20 years of experience. As with many American History teachers, I have taught theory of politics, economics, and interpretation of history. But when I was elected to Mason City's city council in 2011, my decisions and thoughts were no longer located merely in the world of theory. My decisions were going to have consequences, for better or for worse. I ran on three basic pledges: I would help to build for Mason City's future while maintaining its rich cultural past; I would continue to work toward the enhancement of amenities for individuals and families, and I would listen to all citizens, helping to create an environment of compromise and open dialogue. In the spring of 2016, these pledges seemed to collide. An economic deal between [Prestage Farms](#), a North Carolina-based large-scale turkey and pork producer, and Mason City would be proposed and debated until the final city council vote May 2nd, 2016.

I received a call in late February 2016 from our local Economic Development Coordinator, Chad Schrenck. He wanted to fill me in on a possible development which would be the largest tax revenue source for the city, four times larger than that produced by the next closest industry. At the meeting, I learned the company in question was going to be a pork processor, the Mason City plant was going to have a \$100 million guaranteed valuation, and it planned to hire up to 2,000 employees. It seemed like the kind of home run economic developers look for, the kind which could be a game-changer for Mason City. We did talk a little about the cultural impact a plant of this size would have on

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our community. These 2,000 new workers would come primarily from Bosnia, the Democratic Republic of the Congo, Central America, and Southeastern Asia—demographic groups generally not well represented in the rural Midwest. I immediately realized that there would be a push-back, but grossly underestimated the magnitude and severity of the opposition.

Over the next couple of weeks, I started researching meat packing companies both small and large. One book I came across was [Postville U.S.A.; Surviving Diversity in Small-Town America](#), written by University of Northern Iowa professors Mark Grey and Michelle Devlin and former Postville City Councilman Aaron Goldsmith. This book became the basis for all my research and questions. The book details the lead-up to the May 12, 2008 Immigration and Customs Enforcement (ICE) raid on the Agriprocessors kosher meatpacking plant in Postville, and the ensuing fallout. At the time, the authors say, this was “the largest raid of a single-site

employer in United States history, strip[ping] the meat plant of most of its workforce, and cut[ting] Postville’s population by more than 20 percent.” The authors don’t lay guilt for this disaster at the feet of any one person or group, but rather discuss how many influences and entities came together in the event: Orthodox Jews, Hispanics, the American Midwest, ICE, the U.S. judicial system, and corporate interests. By the end of the book, Professors Grey and Devlin and Mr. Goldsmith had many suggestions concerning how the two parties—the corporations and the local communities—might have worked together for their mutual benefit. To me, the most important conclusion was simple: any company like Agriprocessors must realize its role in making such a venture a success, and it must be willing to meet the needs of the community in which it is located.

I ended up meeting with Professor Grey in person and having several phone conversations with him. When the City Administrator and I met him in Cedar Falls in late March, he gave us some questions to ask representatives of Prestage (by now, the name of the company had been made public). Most of the questions concerned hiring practices, where the workers would be coming from, and whether there was a plan of for helping workers assimilate into the local area. Nowhere in the discussion did we talk about environmental concerns, or the impact that slaughtering 10,000 hogs a day would have on the local environment.

Our first meeting in the process of coming to a development agreement was very significant. At this meeting, my fellow councilman Alex Kuhn and I were very optimistic, but we both made comments and expressed concerns. Councilman Kuhn’s comments centered more on the workers’ pay and how much we would rebate tax revenue to Prestage; mine concerned the funding gap to the schools. Since the money we received from property taxes always lags behind expenses by a year, the schools would have to come up with the money up front. Plus, the property taxes would not be enough to allow us to recoup the money lost the previous year. By my calculation, there would be a five-year funding gap before the revenues caught up to the debt. My concern was simple: the year the company opened with a potential for 351 new households and 700 new students

in our local school system (David Swenson, ISU), the cost to the school would be immediate. However, property taxes are all paid a year later, meaning that the tax revenue we would depend on to help defray these expenses would lag 12 months behind. Even assuming the students came in speaking English and didn't require any extra services or support, just the sheer number of students would require the schools to hire new staff and incur additional expenses. That would mean, under the most optimistic projections, the schools would potentially have to come up with a million or so dollars to prepare for this new influx of students, regardless of the students' language background. If the new students came in needing support from ESL (English as a Second Language) and teachers needed more training to educate, as well as the support of more paraprofessionals, it would create a catastrophic demand in a system already on a stretched budget. The revenue the schools received simply could not cover those costs.

As I was waiting for specific numbers regarding the funding, over the next couple of weeks things started getting really loud. I would estimate that over a three-week period I received over 1,000 emails concerning the proposed plant, with probably about 80 percent of them against the proposed plant. Additionally, I received nearly 100-150 phone calls from similarly opposed citizens. However, when I was out and about in town, most of the people who came up to speak to me about the project were in favor of it. Most people's concerns fell into three basic areas.

First, they were concerned about the impact the Prestage facility would have on the Environment—specifically, the potential impact on air or water quality, and the impact on the Jordan aquifer from which Mason City draws its water.

Second, people were worried about cruel treatment of the animals. What would be the conditions in a

facility slaughtering 10,000 hogs a day? How would the animals be penned?

Third, my constituents wanted to know what impact the influx of new citizens would have on Mason City's culture, as well as what the cost would be of absorbing a large group of new citizens into our population.

The most common and visceral argument was the one concerning environmental impact. The city had not commissioned an environmental impact study, which, in retrospect, it should have. But city staff did work



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closely with the Iowa DNR, and DNR's conclusions were favorable for the city and Prestage. Prestage intended to use new technologies to greatly reduce the smells of the rendering. The company's plan also called for the plant's waste to be pre-treated and for the hogs to be confined in such a way that ground run-off of their waste would not be a threat to the environment.

The company also advanced the argument that the risk for pollution was minimal anyway, as there was no river or stream for the waste it to run into.

These were not concerns which I considered as I weighed how I would vote on the proposal. I thought that the smell would not be any different than many other smells common in Iowa. I did not believe the smell would be a daily or even weekly event. Most of the people who argued that the plant would produce a horrible stench brought up towns like St. Joseph, Missouri, or Sioux City, Marshalltown or Storm Lake, Iowa. They argued that if you visited these towns, you would find out how horrible it smells. However, I discovered that this isn't always the case. When I visited Marshalltown, for instance, there was no vile smell. Councilman Bill Schickel went to St. Joseph and he said that while there was a slight noticeable odor in the industrial area, he

wasn't sure what building it was coming from, and at all events, he wouldn't say that the smell was vile. Many of the people who were arguing about the smell were mostly talking about Concentrated Animal Feeding Operations, or CAFOs. People opposed to these type of facilities often misuse or misunderstand this term. CAFOs can house animals and not 'confine' them in tight quarters. Hogs which meet the technical definition for being "free range" can nonetheless be seen as being confined in a CAFO because of their sheer numbers. I felt the CAFO opponents were misrepresenting the argument, and also were attacking farmers. Here is where many of the big worries lie.

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As regards the second concern—about cruel treatment of animals—I would say that this argument had little effect on my decision. Full disclosure: I love my barbeque. I felt I would be a hypocrite if I condemned facilities such as the one being proposed for how it raised its animals. Americans want good meat at a great price, and companies like Prestage try to accommodate our appetites. Also, Iowa law is very clear on these types of operations; if the design and operations meet the requirements of the [Master Matrix](#), then a local or country government cannot prevent construction of a CAFO in the community. This is battle for the state, not the cities. My focus of concern was always finding an answer to the question: "Should we be incentivizing Prestage to come to our community? And if so, by how much?"

The third argument was the most involved, and probably the most problematic. How do you have a public discussion about different ethnic groups, hiring practices, housing issues, crime rates, and language barriers, without sounding racist? One of my conversations with Professor Gray concerned this exact topic, and he gave me fair warning. Gray said that housing would be an issue for many different reasons, that crime rates

ought to be an absolute concern, and that the language barrier between many workers, the local businesses, and—most importantly—between local police and city staff, should receive serious attention. Gray said the different cultures, their expectations and cultural practices would be a concern, and he urged that any discussion of these issues should occur between the city, its citizens and the company; however, he stressed that it ought to be kept from crossing the line into racism.

There have been many studies which touch on these issues. One article, citing a study done by Professor Georgeanne Artz from Iowa State University, appeared in 2012 in *Choice* magazine, an online publication. In

this article, entitled, "Immigration and Meatpacking in the Midwest," Professor Artz looked at hundreds of communities and the impact on hard and soft cost of the type of plant Prestage represented. In our case, these costs would

include the 'hard' costs of tax rebates to companies, as well as the 'soft' costs created by additional demands on social services and city staff by the new residents. While hard costs can be predicted and recorded; soft costs are much more difficult to predict or to even record as they occur. If the Prestage plant opened, it would create a drain on city staff time, as staff worked through the issues that would certainly follow, leaving them with less time to work on other issues that would arise in the normal course of meeting the day-to-day needs of the city.

Professor Artz argues that there is no clear relationship between crime rates and slaughter facilities. In another study, however—this one from Michigan State University, entitled "Slaughterhouses and Increased Crime Rates"—researchers argued there *is* a correlation. These articles are good examples of the sorts of conflicting 'evidence' that were presented in this hostile public debate. Each side found information that supported its stance and its claim to the truth. My job as a city councilman was to sort through all of this data and try to make the best decision based on the information it provided.

On March 22nd, the Mason City City Council vot-

ed unanimously to move ahead with negotiations with Prestage, and thus the formal application to the Iowa Development Economic Authority for state funds began. This was the beginning of the public discourse. At an April 5th meeting, another unanimous vote was taken to proceed with negotiations. However, at this meeting Councilman Kuhn warned City staff and Prestage that if he didn't see terms more favorable to Mason City, he would vote 'no' at the next meeting. At the meeting, I voiced a concern to Prestage that they needed to be partners with the town and they responded positively with a promise for better terms. However, the April 5th vote decided if city staff would continue to negotiate with Prestage and did not finalize conditions of our deal.

As the days slowly became weeks, and the weeks began to feel like years, it was coming closer and closer to May 2nd—the day scheduled for the final vote, the day when all this research and theory must be weighed and a decision reached. How would the council vote?

The second official vote took place on April 21st. That night, the vote was five to one with councilman Kuhn the only dissenting voice. This April 21st vote set a public hearing on the final development agreement between the City of Mason City and Prestage Foods. I voted "yes" to set the hearing. By now I was becoming skeptical on whether or not this was a good idea, but felt we needed to continue to move ahead and remain positive. To me, it seemed best to stay upbeat so that if this development passed—whether I liked it or not—Mason City and Prestage would start off their relationship on the best possible footing. Additionally, I felt that changing from a "yes" vote to a "no" vote would be easier than changing from a "no" vote to a "yes" vote—I did not want to lock myself into a position from which I could not return. I also couldn't see a reason to vote "no" to set a public hearing; Councilman Kuhn told me he didn't see a path to a "yes," and therefore voted against the hearing on April 21st.

Through a discussion I had with Kuhn the night

of the second vote, he made it very clear that he felt the city needed to recover most of the property taxes to be able to pay for the extra demand a plant of this type and scope would place on the local services. I did not talk with him again after the second vote until about an hour before the final meeting. Over the course of the next couple of weeks, I had conversations with some of the other councilmen and staff. It appeared that this resolution was going to pass, but I had great reservations concerning the cost and the impact on the local school district. About one week before the final vote, I received the estimates of costs and revenues that the schools were expecting.

[W]as I ready to "kill this deal?" In fact, I had come to believe this was not the best agreement for Mason City.

Frankly, the numbers shocked me. They were much worse than I had anticipated. Up until that moment, I had tried to look at this emotionally charged topic through the lens of logic, and what the numbers and scientific studies told me. At this point, I could not just disregard the numbers that concerned me. John Adams famously said, "Facts are stubborn things; and whatever may be our wishes, our inclinations, or

the dictates of our passion, they cannot alter the state of facts and evidence." To me, this proposed plant, based on the 50 percent tax rebate to Prestage over the next 10 years, was going to cost the city more money than it was going to bring in.

Public opinion made up another important part of this equation—one which is really impossible to quantify. Freedom of speech is the cornerstone of our American republic, and the full and fair trial of all ideas in the public arena should be seen as a freedom-of-speech issue. The job of concerned citizens should be to win that public argument by convincing unsure voters of their position. The Prestage debate provides a prime example of the significance of public debate and the reason it's important to 'win' it. In most situations, 20-30 percent of the people will always be in favor of a measure, and another 20-30 percent will oppose. The middle 40-60 percent will determine the winner. During the Prestage debate, the opposition was much more vocal in stating

its position and its arguments. The citizens in favor were much less vocal, and were not really even seen in the public eye. I would say approximately 30-35 percent of Mason City's citizens were passionately against bringing in the factory, and about 10-15 percent were passionately in favor of it. The other 50 percent were indifferent. I considered this, along with the discussions I had with the different professors and the studies I had read, and it seemed to me that, for a plant of this magnitude to work, the people would have to really support it, not be indifferent to it. The local citizenry would have to be willing to very involved in the success of this type of industry.

The meeting On May 2nd promised to be another seven-hour marathon. The previous two meetings had both been about that long, and the final vote promised to be the same. Going into the meeting, I knew I was most likely a "no" vote, as was Councilman Kuhn. I had talked with Councilman Schickel before the meeting and was aware of his concerns, but I didn't know he, too, had changed his vote from "yes" to "no." After about six hours of citizen comments, it was the turn of the councilmen to speak. Before I talked, Councilman Schickel—who was at home recovering from a medical procedure—was put on speakerphone. In his speech, Schickel said his position was a "no." At this point, I realized—with two votes surely being "no" and three votes surely being "yes"—that I would be casting the deciding vote. A tie vote would mean the deal would not have a majority and would not go forward.

I had to make the decision quickly—was I ready

to "kill this deal?" In fact, I had come to believe this was not the best agreement for Mason City. I made my speech to that effect, and stuck with my "no" vote. With the final vote being a three/three tie, the Prestage deal failed.

In *Postville U.S.A.*, Grey, Devlin and Goldsmith speak directly to the topic of community support. If a community doesn't support a venture as it is developed, then in time it is doomed to fail, and the divide between the citizens voting for and against will only worsen. Regardless of whether a given project is judged to be a 'good' or a 'bad' idea, the perception of the community is what will determine the outcome. Henry Ford once remarked "If you think you can or you can't you are right".

Ford's statement sums up the battle for me. If 70 percent or so of the community had wanted the Prestage plant, then maybe rolling the proverbial financial dice would have been worth it. As it was, I was not willing to make that wager.

Like most people in Mason City I felt conflicted concerning this issue. The decision-making process took a very large emotional toll on this community and the ramification are still being felt. The debate created personal divides between very good friends and even spouses. People still come up to me to thank me for my vote, and on a few occasions, people have told me I made the wrong decision.

They say time heals all wounds; Mason City is going to put this expression to the test. 🌿



"LEEWAY," OIL ON CANVAS, 12" X 60," BY JANE PRONKO, 1987