1,300 American Crystal Sugar Workers Locked Out

DAVE KOLPACK, Associated Press

MOORHEAD, Minn. (AP) — Replacement workers were on the job at seven American Crystal Sugar plants and a handful of employees were quietly picketing outside them Monday, after about 1,300 union members were locked out of facilities in Minnesota, North Dakota and Iowa.

The union's contract expired at midnight Sunday after workers overwhelmingly rejected what the company called its final offer. The largest beet sugar processor in the U.S. had offered a 17 percent pay increase over five years during negotiations that began May 6, but workers were upset about provisions covering job security and health care costs.

Although American Crystal accounts for 38 percent of the country's production of sugar from beets and 15 percent overall, the company said it doesn't believe the lockout will affect sugar production or the industry outlook. Brian Ingulsrud, vice president for administration, said experienced workers are coming in from around the country and many will receive additional training.

"We don't intend to miss a beat," Ingulsrud said.

The union disagreed that employees were easily replaceable.

"The jobs we do, it's not rocket science, nor are we brain surgeons," union representative Mark Froemke said Monday. "But the jobs we do in the factory are very skillful jobs. I just don't believe they are going to be able to run five factories with transient workers who have never been in a sugar factory."

It's the company's first labor impasse in 30 years. Union workers in 2004 approved a contract that raised salaries by 2 percent and locked in health care costs for the 7-year life of the pact.

Union officials said its workers earn between $30,000 and $50,000 a year, without overtime. Ingulsrud said the average wage is $50,000 a year, or $75,000 including benefits.

Some of the highest-paid workers at the plant are electronic control technicians, who operate the factory from multiple computer screens. Other workers include with skilled welders, mechanics, boiler operators, pay loader operators and warehouse workers. Company officials said the plant needs "a very large contingent" of maintenance workers to keep the factory operating when it goes around-the-clock for about 250 days.

Sugar beet processing generally begins at the end of August each year and is wrapped up in May. The plant is currently in its off-peak mode, known as the inner campaign, when workers spend most of their time retooling and replacing equipment.

The company has plants in East Grand Forks, Moorhead, Crookston and Chaska, Minn., and in Hillsboro and Drayton, N.D. and Mason City, Iowa. Replacement workers arrived before dawn Monday. Officials were specific to describe the new workers as temporary and said there were a few hundred of them on the job, but refused to provide further details.

Security guards were posted at entrances to a plant in East Grand Forks, and union employees have been told to not cross a line that was spray-painted outside the doors. Froemke said about 120 workers were turned away Sunday night and Monday morning at the East Grand Forks plant.

Union officials in Moorhead said they will have members stationed at six gates, 24 hours a day. A couple of workers sat at each gate Monday afternoon, holding signs and waving at people driving by on a nearby street.

"Hang in there, guys. I hope you make it," yelled one man from his pickup truck.

Brad Byklum, 60, a 35-year employee who was seated in front of a sign marked "Sugar Loading Gate," said relations between workers and management has never been worse.

"It's terrible," he said. "I think the public has only heard the company's side of the story."

Mike Haley, 52, found himself holding a "No Lock Out" sign after four months with the company in Moorhead.

"It's not fun to be locked out," he said.

Law enforcement reported no arrests and Moorhead city workers on Monday afternoon took down parking barricades placed to keep traffic from backing up in front of the plant. Union officials called the protest "informational picketing" and promised it would be peaceful.

Ingulsrud said the company is "shocked and surprised" that employees rejected the deal.

"We offered what we thought was a terrific contract," he said. "Where do we go from here? I'm not sure."

Froemke said employees are upset about language in the contract on job security, as well as increased costs in health care and short term disability.

"This is a brutal contract," he said. "This is the destruction of 70 years of

negotiations."

Ingulsrud said workers are being asked to pay more for health care, but claims it's a better plan than most. He highlighted the 17 percent increase in pay over the five-year span of the contract, and a clause that would not allow the company to hire subcontractors if it meant the loss of any union employee's job.

"We went back and modified the language that caused them concern," Ingulsrud said.

American Crystal Sugar is a cooperative owned by about 3,000 shareholders who raise 500,000 acres of sugar beets in the Red River Valley of Minnesota and North Dakota. Those two states produce more than 50 percent of the nation's sugar beets, according to researchers at North Dakota State University.

Froemke said he doesn't blame the sugar beet farmers in the cooperative.

"They are friends, they are neighbors, they are relatives," he said. "We just hope that they take a step back, look at this company they own, and signify to their board and their management that we should get this thing put together."

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