

CENTER FOR RURAL PROSPERITY AND INNOVATION

Harrison Poultry, Inc.: Potential
Economic Impact of Locating in
Taliaferro Co., Georgia

Economic Impact Report

Dr. David Bridges + Scott Blount



GEORGIA'S
RURAL CENTER

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SUMMARY

Harrison Poultry, Inc. founded in and located principally in Barrow County, Georgia since 1958 seeks to move feed mill, hatchery, and transportation operations from Barrow County to Taliaferro County. The move will support expansion and modernization of these facilities, which in turn will support increased broiler production permitting expansion and more efficient utilization of the Harrison Poultry, Inc. processing facility that is located in Bethlehem, Georgia (also Barrow County).

The economic impact of a partial relocation of Harrison Poultry, Inc. from Barrow County to Taliaferro County accrues as follows by way of employment, salary/wages/compensation, capital investment, tax base, and spurring additional economic activity.

The initial capital investment in Taliaferro County, and surrounding region, will be a minimum of \$161.5 million. With the addition of land and infrastructure the investment could easily approach \$200 million.

The employment impact will be at least 236 full time employees with an annual payroll of more than \$8 million. The move will result in an immediate and long-term employment increases in both Barrow and Taliaferro Counties. Taliaferro County will see 236 new jobs created. Barrow County will lose 102 feed mill and hatchery jobs, but gain 260 processing jobs, for a net gain of 158. In total, the Harrison Poultry relocation will produce 394 new jobs in Georgia.

****Note:** Due to the Non-Disclosure Agreement (NDA) signed with Harrison Poultry, detailed financial information in the form of charts and text that were included in the full report have been removed from the following pages.

ADDITIONAL INFORMATION

Contact the Center for Rural Prosperity and Innovation (Georgia's Rural Center) at info@ruralga.org or 229.391.4847

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Harrison Poultry, Inc., Bethlehem, Georgia



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Executive Summary

Harrison Poultry, Inc. founded in and located principally in Barrow County, Georgia since 1958 seeks to move feed mill, hatchery, and transportation operations from Barrow County to Taliaferro County. The move will support expansion and modernization of these facilities, which in turn will support increased broiler production permitting expansion and more efficient utilization of the Harrison Poultry, Inc. processing facility that is located in Bethlehem, Georgia (also Barrow County).

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Background

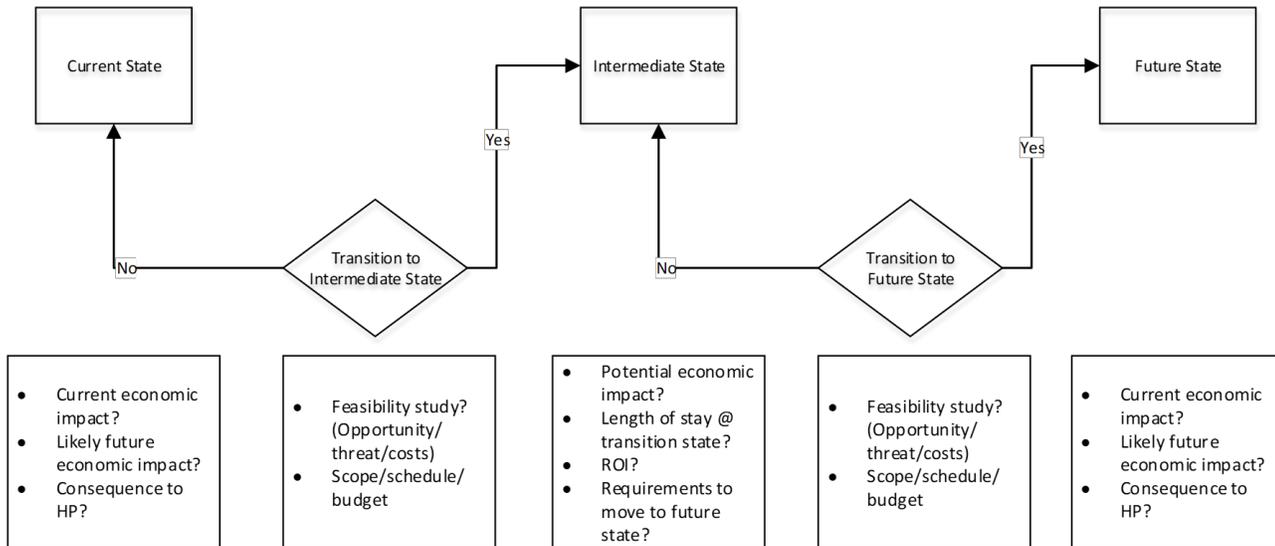
Communication chronology. In late May of 2018, Raymond Reynolds inquired as to whether the newly-created Center for Rural Prosperity and Innovation, henceforth referred to as Georgia's Rural Center, could assist Harrison Poultry, Inc. in its planned relocation of feed mill and hatchery operations from Barrow County to Taliaferro and/or Warren County, Georgia. Over the course of the next two months Center personnel, including Interim Director, David Bridges, and Associate Director, Scott Blount conducted phone calls and personal visits with Mr. Reynolds.

In mid-August of 2018, the Center executed a Non-disclosure Agreement (NDA) with Harrison Poultry, Inc. On August 10, 2018, and again on August 27, 2018, Center personnel participated in a webinar with members of the Harrison Poultry management team, members of the Harrison Poultry Board, and representatives of DaVinci Development Collaborative, LLC. The purpose of these meetings was two- fold. They provided an opportunity for Center personnel and Harrison Poultry personnel to talk in detail about the project and related processes and it provided the first opportunity since the execution of the non-disclosure agreements to share confidential business information.

A priority outcome for Center personnel was to resolve precisely what assistance Harrison Poultry personnel was seeking and to determine if the Center could assist in the project. A comprehensive, high-level process map outlining the overall project was presented by Center personnel and is depicted in Figure 1.



Figure 1. Process map for relocation of Harrison Poultry operations.



For Center personnel, these meetings provided clarity regarding feasibility versus economic impact. It was clear that Harrison Poultry had already made the decision to transition from the current operational state, characterized by feed mill and hatchery operations in Barrow County, to an intermediate operational state, where feed mill operations and hatchery operations would be relocated to Taliaferro County. Therefore, Harrison Poultry was primarily seeking assistance from the Center in making an economic development case that would better position Harrison Poultry to gain financial assistance to make the move.

Making the move will require construction of a feed mill and a hatchery, both of which will require acquisition of land, extending and/or enhancing electric, natural gas, sewer, and water to the sites. Construction of the feed mill will also require construction of a loop rail spur designed to support unit train loads of feed component commodities. Therefore, Harrison Poultry is seeking incentives, grants, low-interest loans, and other forms of assistance to support the relocation.

Relocation rationale. Founded in 1958 by Harold Harrison, Harrison Poultry currently operates a feed mill at 43 E Midland Ave, Winder, GA (Barrow County), a hatchery at 107 Smith Mill Rd, Bethlehem GA, and a poultry processing plant at 107 Star Street, West, Bethlehem, Georgia (also Barrow County).

The company desires to grow. Its poultry processing plant in Bethlehem is currently operating only one shift. The company desires to add a second shift, effectively doubling production. However, doing so will require increasing (more than doubling) broiler production, which requires adding broiler houses. The current Harrison Poultry production area is concentrated in an area to the east of Atlanta, much of which is in Barrow and surrounding counties. The probability of increasing broiler production and the extent to which production can be expanded in these counties is limited because of urbanization and land prices.

Furthermore, even if new broiler houses could be added in the current production region, Harrison Poultry is limited in its ability to supply more chicks and feed. The company's feed mill is at capacity, is land locked, and is nearing end of life cycle. Likewise, the company's hatchery is at capacity as well.



Therefore, Harrison Poultry has decided to shift the geographic focus of its production to an area to the east and southeast of the current production zone, but still within acceptable transportation limits for its Bethlehem processing plant. Additional broiler production capacity will support a second shift and double output of the Bethlehem processing facility.

With a future production epicenter in Taliaferro County, it is logical to replace near-end-of-life feed mill and hatchery operations in Barrow County with new, larger, and state-of-the-art feed mill and hatchery facilities.

Reflecting on the process map presented in Figure 1, the remainder of this report focuses on the economic impact of Harrison Poultry's transitioning from the "current state" with its focus in Barrow County to an "intermediate state" with a focus on Taliaferro County. The "intermediate state" will occur when, 1) the feed mill and hatchery are operational in Taliaferro County, 2) a sufficient number of new and additional broiler houses are on line providing enough live marketable birds to support two shifts at the Bethlehem processing plant, and 3) Harrison Poultry employment is sufficient to support "intermediate state" operations.

Process

Estimating the economic impact of the proposed move to Taliaferro County requires a detailed, site-specific analysis of capital investment, employment, and production, all of which impact economic impact in the short, mid, and long-term.

Data source, confidentiality, and limit of liability. The data and information to support this analysis was gained through discussion with Harrison Poultry, Inc. personnel, members of the Harrison Poultry Board of Directors, personnel associated with the DaVinci Development Cooperative, LLC, and from publicly-available literature regarding the poultry industry. The analysis was performed by the staff of the Center for Rural Prosperity and Innovation (CRPI), which is located at Abraham Baldwin Agricultural College. The transfer of information leading to this report and the contents of this report are consistent with the non-disclosure agreement, parties to which are Harrison Poultry, Inc. and CRPI. The report is produced for use by Harrison Poultry, Inc. and shall not be reproduced or distributed without the written consent of Harrison Poultry, Inc. and the CRPI. During the preparation of this report members of the CRPI team discussed certain elements of the analysis and report with employees of the Georgia Department of Economic Development, the Georgia Department of Community Affairs, the Georgia Department of Agriculture, and the University of Georgia Small Business Development Center. These discussions occurred without the disclosure or transfer of confidential business information.

Assumptions. Although there is a one to two-year gap between construction of the feed mill and the hatchery and the time lag for the construction of the farmer-owned broiler houses is unknown at this time, the assumption was made that they would occur simultaneously, allowing for a single time-step for the calculation of employment during the relocation (transition) process. In other words, net employment numbers, capital investment, and other factors contributing to the economic impact of the Taliaferro investment were calculated in a single step and assuming the transition date of fall 2018.



Results + Discussion

Employment. Because access to many incentive programs is based on employment (job creation), establishing current and future employment facts is essential. Harrison Poultry, Inc. currently has employees at its Barrow County facilities, some of whom will continue to be employed once the move to Taliaferro County is completed, but new hires will occur, and some job losses will occur. Documenting this changing employment situation is critical.

Recommendations

Harrison Poultry, Inc. is to be commended in their effort to create economic activity in the Taliaferro County region. The investment they are making is significant and can produce return on investment for the company and the community for many years to come. This statement is cast in observing the apparent significant and long-term return on investment to the company and the long-term contribution to the welfare of Barrow and surrounding counties.

Economic development is best served when the public and private sectors share in the investment. Public investment in economic development can occur by grants, low-interest loans, bond financing, workforce development and training, and provision of infrastructure. The source of funds to support these public investments can be local, state, federal, or a combination.

Through discussion and collaboration with the Georgia Department of Economic Development, the Georgia Department of Community Affairs, the Georgia Department of Agriculture, and the UGA Small Business Development Center, the Center for Rural Prosperity and Innovation offer three broad recommendations for consideration by Harrison Poultry, Inc. personnel. These recommendations are made with the thought that upon investigation and study of these options, Harrison Poultry, Inc. may increase or improve their ability to attract public investment in the project.

Retain elements of public ownership. Harrison Poultry, Inc. should work with the local economic development authority to optimize flexibility with respect to access for public support by having the appropriate local public authority retain ownership of land, and possibly other assets, so as to retain access to public funding sources and incentives, i.e. grants, loans, tax credits, etc. This could be particularly important relative to bond financing.

Business structure. Harrison Poultry, Inc. should engage legal and accounting counsel to determine business structure that will maximize its eligibility for public assistance in the project. Separation and delineation of ownership may change the way net employment calculations are made by funding agencies. It may also impact eligibility for tax credits.

Opportunity zone assistance. New programs that provide new and additional incentives for investment in newly declared opportunity zones, of which Taliaferro County is one, may be important for this project. While the state regulations have not yet been published for the State of Georgia, we anticipate those shortly as they are being developed under the auspices of the Georgia Department of Community Affairs.

Summary of public/private project assistance need. Working with DaVinci, Center personnel identified public/private infrastructure investment needs totaling more than \$16 million (Figure 7).



Project Status

To date. (12/2018) Planning and analyses performed by Harrison Poultry, Inc., DaVinci Development Collaborative, LLC, and Georgia's Center for Rural Prosperity and Innovation have contributed to a Georgia Department of Economic Development announcement that includes grants, tax credits, and other incentives totaling \$19,429,540. This report, issued December 16, 2018, constitutes the complete and final report to Harrison Poultry, Inc. as prepared by the Georgia Center for Rural Prosperity and Innovation. The full report, and all work contributing to it, will be retained in the files of the Georgia Center for Rural Prosperity and Innovation, subject to the Non-Disclosure Agreement between Harrison Poultry, Inc. and the Center.

Future. Upon request by Harrison Poultry, the Georgia Center for Rural Prosperity and Innovation may, subject to available resources and time, perform additional work in support of this project.

In the news. The Augusta Chronicle did a story on the Harrison Poultry expansion into Taliaferro County and mentioned the Center's report. <http://bit.ly/ruralGAtaliaferro>

