

CASE STUDY: THE IMPACT OF KIA'S FACILITY ON TROUP COUNTY, GA



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Introduction

Megaprojects have the transformative potential to reshape communities through the creation of economic opportunities, job generation, and the attraction of investments. The establishment of Kia's facility in Troup County, Georgia, has brought about significant impacts on the region's economy, infrastructure, and workforce¹. The decision to select Troup County as the location for the plant was influenced by several key factors, including its proximity to Hyundai's existing facilities in Alabama, access to talent from neighboring markets, strong transportation connectivity, favorable incentives provided by the State of Georgia, and the presence of a skilled workforce.

To support Kia's operations and effectively accommodate the influx of workers, substantial infrastructure improvements were implemented in the area, with a specific emphasis on enhancing transportation connectivity, utilities, and public services. These improvements have played a vital role in facilitating Kia's activities and fostering seamless integration within the community. Moreover, the growth of the supplier network, collaborative partnerships with educational institutions, and the implementation of workforce development programs have been instrumental in ensuring the presence of a skilled and capable local workforce that aligns with Kia's needs.

The presence of Kia in Troup County has yielded positive outcomes, including notable economic growth, revitalization of the community, and improved infrastructure. However, it is important to acknowledge that the impacts have varied across different areas within the region, reflecting the complex dynamics and diverse characteristics of local communities².

Background

Troup County, located in the west-central part of Georgia, shares its border with Alabama. The county seat and largest city is LaGrange. As of 2022, the estimated population of the county stands at approximately 70,000 residents, an increase of nearly 20 percent since the 2000 Census.³ The county has a remarkable concentration of Fortune 500 regional sites per capita, surpassing other regions in the United States⁴. According to employment estimates by Lightcast, a global leader in labor market analytics, manufacturing accounts for almost 28 percent of the county's jobs, followed by 11.4 percent in the educational, healthcare, and social services sector, 11.3 percent in administrative and support services, and 9.8 percent in government employment. Troup County's unemployment rate in 2021 and 2022 was below the national average, standing at 4.4 percent and 3.0 percent, respectively, compared to the national rates of 5.3 percent and 3.6 percent.

Just two decades ago, Troup County faced a starkly different outlook compared to today. The county's once thriving textile industry, with a rich historical significance, had undergone a steep decline. This period was marked by economic stagnation, limited job opportunities, and a lack of substantial investments. Unemployment rates reached nearly 14 percent in the county, exceeding both national

¹ This case study is subject to certain limitations. The findings and analysis are based on available data and may not capture the full extent of the Kia facility's impact. Limitations include data availability, potential biases in data sources, and the ever-evolving nature of economic and social conditions.

² This case study is largely derived from interviews conducted with 16 state and local stakeholders familiar with the Kia project and the West Georgia region. A list of interviewees can be made available upon request.

³ U.S. Census Bureau. (2023). QuickFacts : Troup County, Georgia. Retrieved from <https://www.census.gov/quickfacts/fact/table/troupcountygeorgia,US/PST045222>

⁴ <https://www.lagrangechamber.com/work/economic-development/>

and state averages of 9.3 percent and 10.4 percent, respectively, reflecting the hardships faced by the local community. The loss of manufacturing jobs had a profound impact on the workforce, leaving a significant portion of residents unemployed or struggling to secure suitable employment. Then, in 2006, Kia Motors Corporation selected West Point, a town within Troup County, as the site for its first U.S. manufacturing plant. This decision marked a pivotal moment that would reshape the area's trajectory.

COMPANY LOCATION

The State of Georgia first expressed its interest in attracting Kia as early as 2003 when then-Governor Sonny Perdue embarked on a visit to Korea and held discussions with the chairman of Hyundai Kia Automotive Group. At that time, Hyundai – Kia's parent company – had already established a plant in Montgomery, Alabama, and Kia was actively seeking suitable locations nearby for their inaugural facility. In the spring of 2005, Kia considered Georgia's largest site situated in Pooler, GA, near Savannah. However, the company ultimately decided against that location. Then, as Kia's negotiations with Mississippi began to falter, a few months later, they revived their interest in Georgia and approached the state's economic development department with interest in a site in Troup County⁵.

According to local and state economic developers, while traveling from the Atlanta airport to the Hyundai plant in Montgomery, Alabama, Kia executive Byung Mo Ahn caught sight of a stretch of untouched land just off the interstate in West Point, Georgia. This land encompassed approximately 30 distinct parcels, some of which had been held within families for generations. The task of securing the land for the plant fell upon the then-chairman of the West Point Development Authority, who successfully persuaded 30 property owners to sell their plots. The agreement was eventually reached through the unanimous consent of the residents, who recognized the project as a means of rejuvenating the local economy. The preparation of the site involved purchasing property from multiple owners, without the need for eminent domain. The State of Georgia offered compensation to landowners, ranging from \$15,000 to \$16,000 per acre⁶, to acquire the acreage.

In 2006, Kia and the state of Georgia successfully reached an agreement to establish the car manufacturing plant in West Point. Under this deal, Kia committed to investing \$1.2 billion in the facility and employing around 2,500 workers. The presence of Kia's suppliers in the area would also generate thousands of additional job opportunities. In return for these substantial investments and job creation, Georgia extended an incentive package valued at approximately \$400 million. Key elements of the incentive package included property tax abatements for a period of 16 years from the City of West Point and Troup County⁷, totaling \$130 million. State job tax credits amounted to around \$76 million, while the state allocated \$60 million for the acquisition and preparation of the site. Furthermore, a state-of-the-art training center worth \$20 million was constructed to support workforce development. In terms of infrastructure, the package encompassed improvements to roads, rail, and utilities (\$57 million)⁸.

⁵ How KIA Came To Georgia, Georgia Trend magazine, August 1, 2009.

⁶ *Ibid.*

⁷ The city and county offered 100% tax abatement for 16 years, but only 50% tax abatement for the school system.

⁸ <https://siteselection.com/ssinsider/bbdeal/bd060316.htm>

Aside from the generous incentives, several other compelling factors drove Kia to ultimately choose Troup County as the location for their plant. The proximity to Hyundai's existing facilities in Alabama played a prominent role in the decision-making process. Transportation connectivity, including access to rail networks, was carefully considered, as Kia aimed to leverage supply chain efficiencies and potentially share suppliers with Hyundai. The availability of a skilled workforce, combined with a favorable labor environment that lacked union presence and boasted lower labor costs, served as additional advantages. Personal experiences of Kia executives and site visits left a positive impression and representatives favored the West Point location. The suitability of the site, land availability, and prior efforts by the state to attract investments also played a role in the decision-making process.

Community Impacts and Results to Date

Kia's West Point facility, encompassing an expansive 2,200-acre site, initiated production in 2009. Functioning as a central hub for the manufacturing of Kia vehicles, the facility utilizes cutting-edge manufacturing processes and technologies and has the capacity of more than 340,000 vehicles per year⁹. The establishment of this plant has resulted in the creation of numerous direct and indirect employment opportunities, making a significant impact on the regional workforce. Furthermore, the presence of the facility has attracted a network of suppliers, fostering a thriving business ecosystem in the area. In addition to these employment and economic benefits, Kia's establishment in West Point has prompted notable infrastructure improvements in the region. These enhancements encompass road accessibility upgrades, connecting interstate highways with state and local roads, ensuring efficient transportation networks.

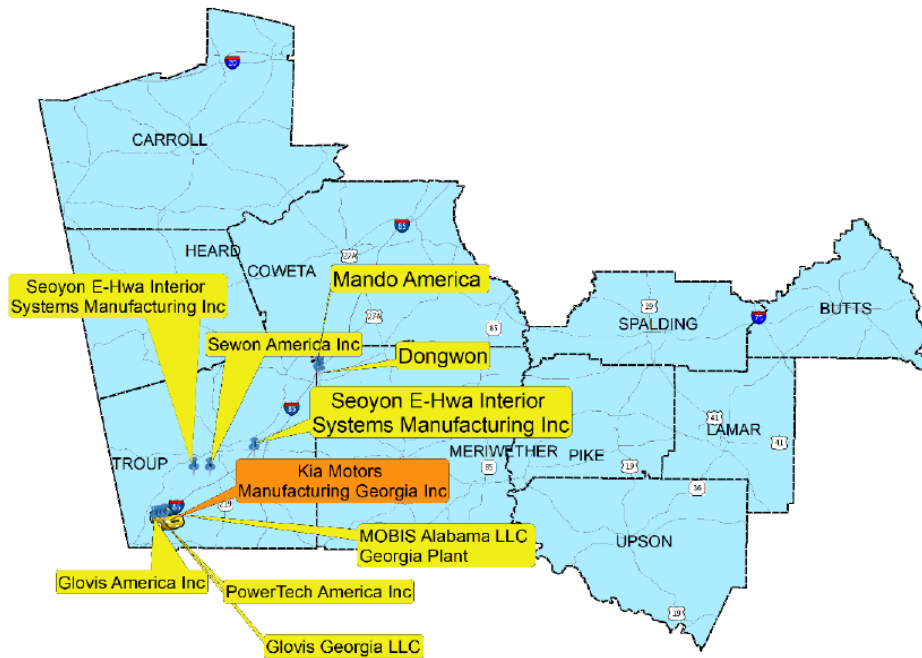
ECONOMIC GROWTH

Kia's investment in the region has stimulated economic growth and development. Initially committed to creating 2,500 jobs at their West Point facility, Kia's presence has stimulated the growth of a robust supplier network in the region. The demand for parts and components from Kia has attracted numerous suppliers to establish their operations in the vicinity. Tier 1 suppliers primarily stayed close to the West Point facility, ensuring a just-in-time inventory system. Since 2007, Troup County alone has announced approximately 30 project locations or expansions related to Kia's manufacturing facility, accounting for about 5,000 jobs and over \$950 million in investment¹⁰. Additional suppliers were distributed throughout the region in Harris County, Meriwether County, and nearby Alabama counties. Figure 1 provides a map of key suppliers in the Three Rivers Regional Commission.

⁹ <https://www.kiageorgia.com/about-kia-georgia/>

¹⁰ Georgia Department of Economic Development project announcement data from 2011 to 2022.

Figure 1. Kia Motor Manufacturing Georgia, Inc. and Key Suppliers in Three Rivers Regional Commission



Source: Three Rivers Regional Commission

The presence of numerous companies establishing themselves in Troup County and its surrounding areas has led to remarkable growth in the property tax digests of West Point and the county. When Kia first announced its decision to locate in West Point, the city's total tax digest was valued at approximately \$77 million, while Troup County's digest stood at \$1.7 billion. Fast forward fifteen years, and West Point's tax digest has seen a remarkable increase of \$100 million in 2021, representing a staggering growth rate of 129 percent. Similarly, Troup County's tax digest has surpassed \$2.4 billion, indicating a 40 percent increase¹¹. Local officials have observed signs of community revitalization, particularly in downtown West Point and LaGrange, where there has been a noticeable uptick in activity for restaurants and businesses. Some enterprises have even adapted their offerings to cater to the needs of the Korean community, further enhancing the economic landscape.

Despite the introduction of numerous job opportunities, the anticipated population growth in the region did not materialize as initially predicted and instead remained relatively stable. An analysis of commuting pattern data reveals a notable shift in the distances traveled by workers in goods producing industries to reach employment in Troup County¹². In 2006, nearly 60 percent of jobs were filled by workers commuting less than 10 miles from their homes, compared to 37 percent in 2020. Over the period from 2006 to 2020, there was a substantial increase of 217 percent in the number of workers

¹¹ Georgia Department of Revenue Digest Consolidated Summaries

¹² U.S. Census Bureau (2023). On The Map. Retrieved from <https://onthemap.ces.census.gov/>

traveling between 25 and 50 miles, and a 184 percent increase in those traveling distances greater than 50 miles.

Several factors contributed to these patterns. First, a significant proportion of positions at Kia were filled by individuals from the region who were previously unemployed, resulting in a limited impact on population growth. Secondly, the housing market in West Point and LaGrange was heavily affected by the 2008 recession, leading to a slowdown in housing growth. Construction projects were put on hold, and it took several years for building activity to regain momentum. As noted by one interviewee, challenges arose in providing suitable housing for the Kia lead team and engineers, suggesting a potential oversight in considering the housing needs of the overall workforce. Additionally, Kia's executives and higher-level employees chose to reside in areas closer to Atlanta, such as Newnan and Peachtree City, due to the availability of suitable housing, proximity to amenities, and the presence of high-quality schools. This further contributed to the limited population growth in Troup County.

From 2010 to 2021, the number of households in Troup County increased by only eight percent, while Coweta County experienced a more substantial growth of 23 percent. Similar trends were observed for housing units, with Troup County seeing a mere four percent increase in housing units from 2010 to 2021, compared to a 15 percent increase in Coweta County. However, it is worth noting that there has been a recent surge in housing projects starting in 2023 in Troup County, indicating a renewed focus on development in the area.

WORKFORCE DEVELOPMENT AND EDUCATION

The establishment of the Kia manufacturing facility has contributed to the development and expansion of workforce development programs and initiatives aimed at meeting the specific demands of the automotive industry. As part of the incentive package, the state invested in training infrastructure and curriculum development through its workforce training initiative, Quick Start. The state constructed a \$20 million training facility with an investment of over \$5 million for maintenance and operations over a five-year period. Additionally, nearly \$6 million was allocated for the development and implementation of training curricula¹³. Kia also collaborated with West Georgia Technical College to establish a maintenance certification program, providing students with skills and industry-recognized credentials.

Kia's contribution of \$3.5 million towards the establishment of the THINC College and Career Academy in Troup County has expanded educational opportunities for local students. This collaboration between Kia and educational institutions has resulted in specialized training programs, internships, and cooperative education opportunities benefiting students in the region.

Because the region experienced limited population growth, there was minimal need for new school construction beyond what had already been planned prior to the establishment of the Kia facility. Enrollments in the Troup County, Coweta, and Muscogee school systems have remained relatively stable since the 2010-2011 school year. Kia's impact on the local school systems has primarily been focused on curriculum changes, particularly the increased emphasis on STEM (Science, Technology, Engineering, and Mathematics) classes. In addition, Kia collaborated with Troup County to introduce

¹³ <https://siteselection.com/ssinsider/bbdeal/bd060316.htm>

the A World In Motion (AWIM) program, which aims to raise awareness and enhance academic achievement among K-8 students.

INFRASTRUCTURE

There have been significant infrastructure improvements in the region to accommodate the needs of the Kia plant. Road accessibility and upgrades were a primary focus, strengthening the connectivity from interstate highways to state and local roads. The state invested \$30 million in constructing a new interchange on I-85, featuring two bridges and five miles of new road. Though the exact amount is unknown, some federal grant funding was leveraged to create the new interstate access road. Rail access was also enhanced through the connection of a rail spur to the CSX line, with a cost of \$6.05 million. To adequately serve the project site, utilities were upgraded, including the expansion of water and sewer systems¹⁴, installation of gas lines, and improvements in electric power systems, totaling approximately \$21 million in costs¹⁵. Police and EMS were added, along with the construction of a new fire station dedicated to serving the Kia facility. At the local level, infrastructure improvements were partly financed through water and sewer revenue bonds and Special Local Option Sales Tax (SPLOST) collections. There has also been a heightened focus on regional infrastructure, with the passage and renewal of regional transportation special purpose local option sales tax (TSPLOST).

Lessons Learned

The case study of the Kia Georgia Facility offers valuable insights for communities undertaking megaprojects, emphasizing the importance of strategic planning, workforce development, and infrastructure improvements. Proximity to existing facilities and access to talent are crucial factors that attract major investments. Collaborations between educational institutions and industry partners, along with workforce development programs, ensure the local workforce is adequately prepared to meet project demands.

Strategic planning plays a pivotal role in project implementation, involving comprehensive needs assessments, community input, and consideration of infrastructure requirements. This approach helps identify and address potential challenges early on, leading to more effective outcomes. The availability of suitable housing and regional preparedness are essential for accommodating workers and maximizing the benefits of new investments. Planning for housing diversity and anticipating future needs such as schools, healthcare facilities, and recreational areas contribute to creating a sustainable and well-prepared community.

Infrastructure improvements are essential for supporting the operations of a major manufacturing plant. This includes enhancing transportation connectivity, utilities, and public services. The active involvement of state and local governments, as well as the private sector, is vital in facilitating these necessary enhancements. However, it is important to recognize that local governments may encounter challenges in the maintenance and management of substantial infrastructure improvements, which can be costly and require significant community resources.

¹⁴ Water and sewer revenue bonds were used to construct/expand water and sewer lines.

¹⁵ <https://siterelection.com/ssinsider/bbdeal/bd060316.htm>

Partnerships and collaborations between regions and counties play an important role in fostering economic growth and attracting investments. The case study underscores the importance of forming both formal and informal coalitions, collaborating with technical colleges, and engaging the community to maximize the benefits of megaprojects like the Kia facility.

In summary, the lessons learned from the Kia case study highlight the importance of strategic planning, workforce development, infrastructure improvements, in maximizing the benefits of megaprojects. These insights provide valuable guidance for communities embarking on similar ventures.

Milestones

The journey of the Kia Georgia Facility and its impact on Troup County can be characterized by key milestones:

1. Governor Sonny Perdue visits Korea and meets with the chairman of Hyundai Kia Automotive Group (2003).
2. Kia considers Georgia's site located in Pooler, GA but ultimately decides against that location (2005).
3. As Kia's discussions with Mississippi stall, Kia executives approach Georgia officials about a site in Troup County, GA (2005).
4. Selection of West Point, Georgia, as the site for the Kia Georgia Facility (2006)
5. Construction and launch of the facility (2006-2009).
6. The Kia Georgia Training Center opens in West Point, GA (2008).
7. Kia began accepting applications for positions at the plant and received 43,000 applications in 30 days (2008).
8. New Interstate 85 interchange and access road opened to traffic in December (2008).
9. Commencement of vehicle production and first car is completed (2009).
10. Grand opening of the Kia factory in West Point, GA (2010).
11. Kia expands production capacity (2012).

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*Sixteen phone and video interviews were conducted with various local and state stakeholders in the West Georgia region. A list of interviewees can be made available upon request.