

Aggregated Poultry Processing Implementation Guide

Completed by Golden Hills RC&D

March 2017

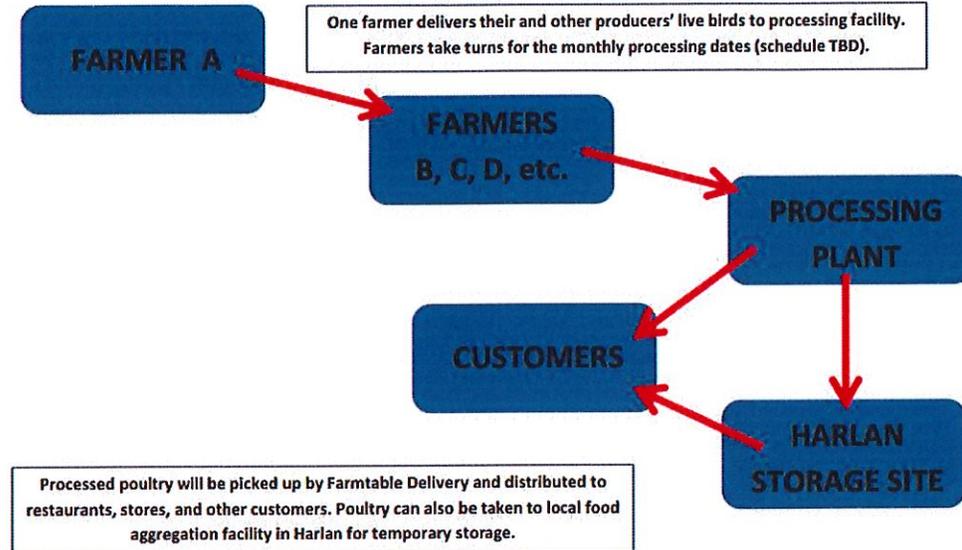
Project Background and Purpose

After a local poultry processor closed several years ago, poultry producers in Western Iowa have suffered from a lack of processing options in the region. Currently, live birds must be shipped two hours or more (one way) for processing in a USDA-inspected facility, which can be a burden for farmers. While we do have a poultry processor in the region, it is a Custom Exempt facility. This essentially means that birds processed there cannot be sold to customers.

Other parts of Iowa have state-inspected plants, but poultry processed at a state-inspected plant cannot be sold across state lines. In Western Iowa, our largest markets are the Omaha and Lincoln metropolitan areas across the state line in Nebraska. The only USDA plants in Iowa are located across the state, at least three hours (one way) from our region, and two USDA plants are located in Eastern Nebraska, also a couple hours for most local producers. In order to process there to sell into the Omaha or Lincoln markets, producers must spend an entire day driving to the processor, waiting for the birds to be slaughtered and bagged, and then drive back to their farm. This requires significant resources for farmers and takes time away from other farm activities. In this situation, the producer must also have a way to transport all their birds to a processor and back to their farm, plus have storage capacity for their processed birds.

This project was envisioned as a way to aggregate multiple poultry producers in Western Iowa to haul their birds to a USDA plant to help expand wholesale and retail markets as well as sales outside of Iowa. The image below shows how the project was expected to operate. Producers would take turns shipping the collective live birds to the selected USDA plant. After processing, [Farmtable Procurement and Delivery](#), a local food delivery company, would pick up the birds in their refrigerated truck. The truck would then deliver to customers in Lincoln and/or Omaha, depending on their schedule and the producers' preferences. Otherwise, poultry would be taken back to Farmtable's warehouse in Harlan, Iowa for frozen storage.

We submitted a proposal to USDA's Local Food Promotion Program who provided funding and partnered to complete this project.



Identifying Poultry Producers

Prior to this project, another grant-funded project had identified more than 30 producers in Western Iowa, which saved us significant time. Since we are working with smaller-scale producers (ranging from a few dozen to a few hundred birds), we had some challenges identifying all of the poultry growers. Many of them currently process at a local custom-exempt processor and therefore do not sell at markets, restaurants, or grocery stores, so it is difficult to know who they are and where they are. We used online resources such as farmer group list-servs and Facebook groups. We also mailed press releases to local newspapers and radio stations to spread the word about the project and invite producers to join.

We did not define specific counties or communities for participation, though most of the identified producers were located within about 60 miles of the project coordinator's office. Once you find a USDA processor, this can help define your region. The location for the live poultry hauler and processed bird transporter can also help determine this. For us, the processor was located south and west of our region, so we decided to have aggregation dropoff sites in the western part of the region to avoid backtracking (see map below).

Organization and Incorporation

This project was originally intended to develop a cooperative model for processing. Interested producers had concerns with losing their farms' branding and name through cooperative aggregation, so we decided against using a cooperative model. This could be different for other groups depending on personal preferences. We ultimately decided to keep each farm's chickens separate throughout the processing. Each crate of live birds went to the processor with a tag. Processed birds were bagged and then tagged with the farm/farmer's name. Producers then could get their birds back and sell to their preferred customers. Farmtable Delivery also could help market and sell the birds if producers preferred to do that.

Growing Practices and Standards

This project intended to identify standard growing practices for participating producers to help ensure a uniform product. Since the producers decided against using a cooperative model, this step was also eliminated. Instead, producers got back their birds from the processor and could then label them how they preferred. Some of the poultry producers use conventional practices, some are certified organic, some use organic practices but are not certified, and some were pastured while others were not. Due to the wide variety, we decided that each producer will continue to use whichever practices they prefer.

We contracted with a Poultry Specialist from the [National Center for Appropriate Technology](#) to provide technical assistance for producers. Producers were encouraged to use humane and sustainable practices but not required to meet specific requirements. The Poultry Specialist also offered on-farm and long-distance support for producers who had any questions about poultry production. NCAT also provided printed and online resources to participating producers, including a guidebook with helpful information for both beginning and more experienced poultry growers.

This step could also vary with other groups, as some may decide that they do want to have only organic or only pastured poultry. This would require more coordination and oversight to ensure adherence, which could likely be done by other participating producers.

Transportation and Logistics

You will need to identify someone to haul the live birds and to pick up processed birds from the processor. Determining the requirements can take time due to a significant amount of confusing information and regulations. Depending on the size and weight rating of the truck and trailer being used to haul live birds, you may not need a [CDL-licensed driver](#), but this could vary. The hauler will likely need a [USDOT number](#) if crossing state lines, but this also depends on the size of the vehicle and if they are a for-hire motor carrier or not. If you are not crossing state lines, then the USDOT number is not required. The USDOT number is free to get but could take some time to acquire. Your state may have different requirements and regulations, however, so it is best to find out before moving forward with hauling poultry.

We originally thought participating poultry producers could take turn transporting birds, but this was not feasible since some producers do not have large enough trucks and/or trailers. If a producer was hauling the live birds as part of the project and not being paid, then they would not be considered a for-hire motor carrier and therefore would be exempt from the USDOT number, from what we determined after online research and speaking with a DOT representative. We also learned about the [Operating Authority \(MC\)](#) requirement for transportation, but [poultry is exempt](#) from this requirement so we did not need to find someone with it.

The hauling of the processed birds has similar regulations and requirements that must be considered. In Western Iowa we are fortunate to have an existing local foods delivery service, Farmtable Delivery. They have a refrigerated truck that can pick up processed and bagged birds from the processing plant. They already met the requirements and adhered to the regulations, so we did not need to worry about this. If you do not have a similar business in your region, then you will need to find someone with a refrigerated

truck who meets all the transportation requirements listed above. If you have any questions regarding the regulations and requirements, contact the [Federal Motor Carrier Safety Administration office](#) in your state. You will also want to insure that the transporting companies or individuals have all the required insurance.

During our trial run, most of the participating producers were from the northern part of the region, so we only had two dropoff sites. Both sites were located in the western part of the region near Interstate 29 so the hauler did not have to go out of their way. Most producers did not have to travel more than an hour to reach one of the sites. The hauler could stop at one or two sites (in addition to the first site) on their way to the processor, depending on the locations of participating producers. While we were focusing on Western Iowa producers, there may be a possibility of picking up birds in southeast Nebraska if producers there were interested in joining the project.

It would, of course, be easiest for the hauler to pick up birds at each farm. This would also be more expensive and time-consuming. There would also be concerns with biosecurity if a truck was visiting multiple farms, as they could spread diseases and pests.

To find a USDA-inspected plant, visit the USDA's [Food Safety and Inspection Service website](#). We found that many of those listed are large-scale processing plants and not all of them do slaughter, but it is a good starting point for identifying potential plants. Contact them and explain the idea behind your project and see if they might be willing to work out something with you. The processor we used has several scheduled dates throughout the year, but we did not want to use one of those dates for fear that we might interfere with their existing customers' processing. We asked if they could do a special date for us, and they said that they would be willing to work with us if we had between 750 and 1,000 birds. This would help them cover staff expenses and the USDA inspector's time. This will likely vary among different processors, so ask them what their requirements and preferences are early on during your communications with them.

For scheduling a processing date, we found it easiest to start with the processor and work backwards from there. [Plum Creek Farms](#), the USDA plant we used in Nebraska, was extremely helpful and flexible with us for this project. We began communicating with them long before the processing took place to learn what dates could work for them, and what their requirements and preferences are for processing. We talked with another USDA plant but decided on Plum Creek due to scheduling and storage issues. Note that some processors may not be open throughout the year, especially in colder climates. It is also best to avoid processing during the hottest parts of the year, as this will likely increase mortality rates.

After learning what dates might work for the processor, talk with the live bird and processed bird haulers to see if any of those dates work for both of them. During our pilot run, Farmtable Delivery's refrigerated truck was not near the processing plant for several days, so the processor had to store the bagged birds for several days. This was not ideal, but we made it work. If the refrigerated truck was able to pick up the birds the day of or the day after slaughter, that would be most convenient for the processor.

Communicate with all participating parties as much as feasible throughout the process. We had to schedule the processing date based on what worked for the processor and the haulers, but you also need to be sure the dates work with producers. Without them, the project would not happen at all. Each farmer has their own schedule for raising and processing birds. To make this project work, the birds will all need to be ready for processing on the same date. The processor will probably not be able to schedule a backup date if the birds are not ready on the scheduled date. This means that the birds will need to be purchased at or near the same time.

We worked with a local small business, [Duncans Poultry](#), to do a group purchase of chicks and feed on the same date. Some producers grow their own feed or already purchase elsewhere, and we did not require them to purchase the feed from the same place. Due to differences in growing practices and other variables, we had a fairly wide range of bird sizes on the slaughter date. Ideally the birds would be very similar in size, but some of these factors are uncontrollable with different growing practices, feed sources, etc. If you are able to agree upon some general production standards, this could help ensure a more uniform size and weight. We expect that after multiple trips, we will have a better idea of whose birds will be smaller and whose will be larger. If you know this information, it might be possible to order the smaller birds a few days earlier so they are somewhat larger on the processing date. This is also challenging, though, because you will likely not have all the same producers during each trip.

One unforeseen challenge with the project was the crates for hauling both the live birds and the processed poultry. We used grant funds to purchase some of both types of crates. This ensured that the birds would all stack onto the trailer and into the refrigerated truck without any issues. We were unable to purchase enough of the crates for the maximum number of birds, so if producers want to do 1,000 birds at a time in the future, they will need to purchase more of the same or similar crates. This could be cost-prohibitive. If they already have something similar that could stack onto the crates we used, then they would not need to purchase new ones. The images below show the types of crates we used.

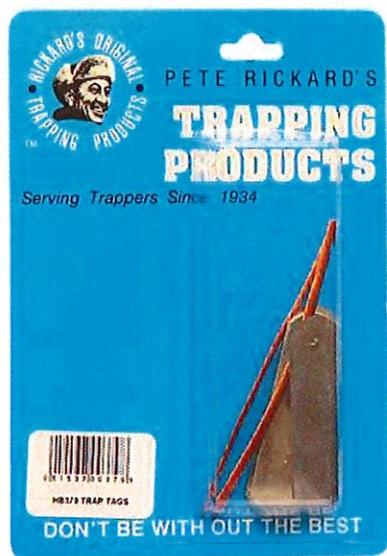


Crates for hauling live birds



Crates for transporting processed poultry

In order for producers to get their birds back, we used tags for both types of crates. We used small metal tags (see below) that can be easily attached and removed as needed. We used trapping tags (see below) that are attached by twisting a thin piece of wire onto the crates. They can also be reused in future runs of the project.



Tags used for identifying crates.

We also found an issue with storage and sharing of the crates. One producer offered to temporarily store the crates for the live birds, but would prefer to not store them long-term. They also do not have space to store the maximum number of crates that could be required to transport 1,000 birds. After the live birds are taken to the processor, then the hauler or someone else will need to drive to the processor and pick up the empty crates to return to a site for storage until the next processing trip. Currently, the crates for the live birds are being stored at one producer's farm. You will need to determine where a safe and secure storage site will be for your project.

The crates for processed birds also need to be stored somewhere. During the trial run, participating producers kept the crates used for their birds with the expectation that they would be used again in future processing trips. If they do not participate, however, then we will need to find a way to get the crates to other producers who are participating. For the pilot project, we had a verbal agreement with producers but plan to have a written agreement (see below) that describes expectations of storing and sharing crates (see below).

For biosecurity and food safety purposes, the crates should be thoroughly cleaned and sanitized between use. Since some of the crates are being used by a variety of producers across a large area, it will be challenging to enforce this. The processor or the hauler might be able to wash and sanitize the crates used for live poultry, but this would take time and likely require payment.

LFPP funds were used to purchase a walk-in freezer for storage of the birds. Because we are working with Farmtable for delivery of the product, their warehouse was a logical location for installing the freezer. For liability purposes, we signed an agreement with Farmtable for storing the freezer (see below).

Memorandum of Understanding

between

Farmtable Procurement and Delivery (Partner)

and

Golden Hills Resource Conservation and Development, Inc. (Partner)

This Memorandum of Understanding (MOU) sets forth the terms and understanding between Farmtable Procurement and Delivery (FTPD) and Golden Hills Resource Conservation and Development, Inc. (GHRCD) regarding a walk-in freezer for the Cooperative Poultry Aggregation & Processing Model for Western Iowa Producers project funded by a Local Food Promotion Program grant through the United States Department of Agriculture's (USDA).

Background

GHRCD purchased a walk-in freezer and shelving for the Cooperative Poultry Aggregation & Processing Model for Western Iowa Producers project. The freezer and shelving was purchased from Hockenbergs in Omaha, NE for a total cost of \$12,471.83. The freezer has been installed at FTPD's warehouse in Harlan, IA. The freezer is a Kolpak Model No. P7-0810-FT. The shelving includes ten 24"x48" shelves (Model No. J2448K), five 24"x36" shelves (Model No. J2436K), ten 24"x60" shelves (Model No. J2460K), and twenty 74" posts (Model No. J74K).

Purpose

This MOU will outline the duties of FTPD and GHRCD in maintaining the walk-in freezer.

- GHRCD paid for the freezer and its installation using USDA LFPP grant funds. Shelving for inside the freezer has also been purchased by GHRCD and will be maintained by FTPD. All associated costs with operations, utilities, and maintenance will be paid for by FTPD.
- Manufacturer's warranty will be recorded by GHRCD with manufacturer and will apply to this equipment in duration.
- The freezer will be added to GHRCD's insurance policy through the duration of the grant (March 31, 2017). FTPD will be responsible for insuring the equipment beginning April 1, 2017 through March 31, 2022.
- FTPD agrees to post information about USDA LFPP funding on the walk-in freezer and on their website. The USDA nondiscrimination clause should also be posted. A sample of the text appears at the end of this agreement.
- No fee will be charged to producers for storage during the grant period. Once grant funds are fully expended, FTPD may charge a small, reasonable fee for producers who do not

pick up their birds in a timely manner. Producers will be notified 30 days in advance of rules regarding this fee.

- FTPD may use the freezer for storage of other products not associated with the poultry project, but will give priority to poultry producers participating in this project. FTPD will ensure that the freezer has sufficient space for poultry when cooperative processing and delivery/pickup dates have been scheduled.
- The freezer is property of the U.S. government for five years, ending March 31, 2022. FTPD will keep the freezer in good working order for at least five years. GHRCD will be allowed to complete an annual inspection of the freezer if desired. This visit will be scheduled with FTPD at least one week in advance.

Nondiscrimination Clause

Recipients will abide by the provisions of Title VI of the Civil Rights Act of 1964 in that no person, on the ground of race, color, or national origin, shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity of an applicant or recipient receiving Federal financial assistance from the Department of Agriculture or any Agency thereof.

Reporting

GHRCD will be responsible for completing interim and final reports and financial documentation to the funder, USDA.

Funding

GHRCD received an LFPP grant in 2014 for the Western Iowa Aggregated Poultry Project, which included funds for a walk-in freezer. The freezer was purchased in September 2016 and installed in October 2016. GHRCD paid for the purchase of the freezer, shelving, installation, and shipping through this grant.

Ownership

The freezer and shelving will remain property of the U.S. Government for five years, ending March 31, 2022. After five years, the freezer will become property of FTPD.

Duration

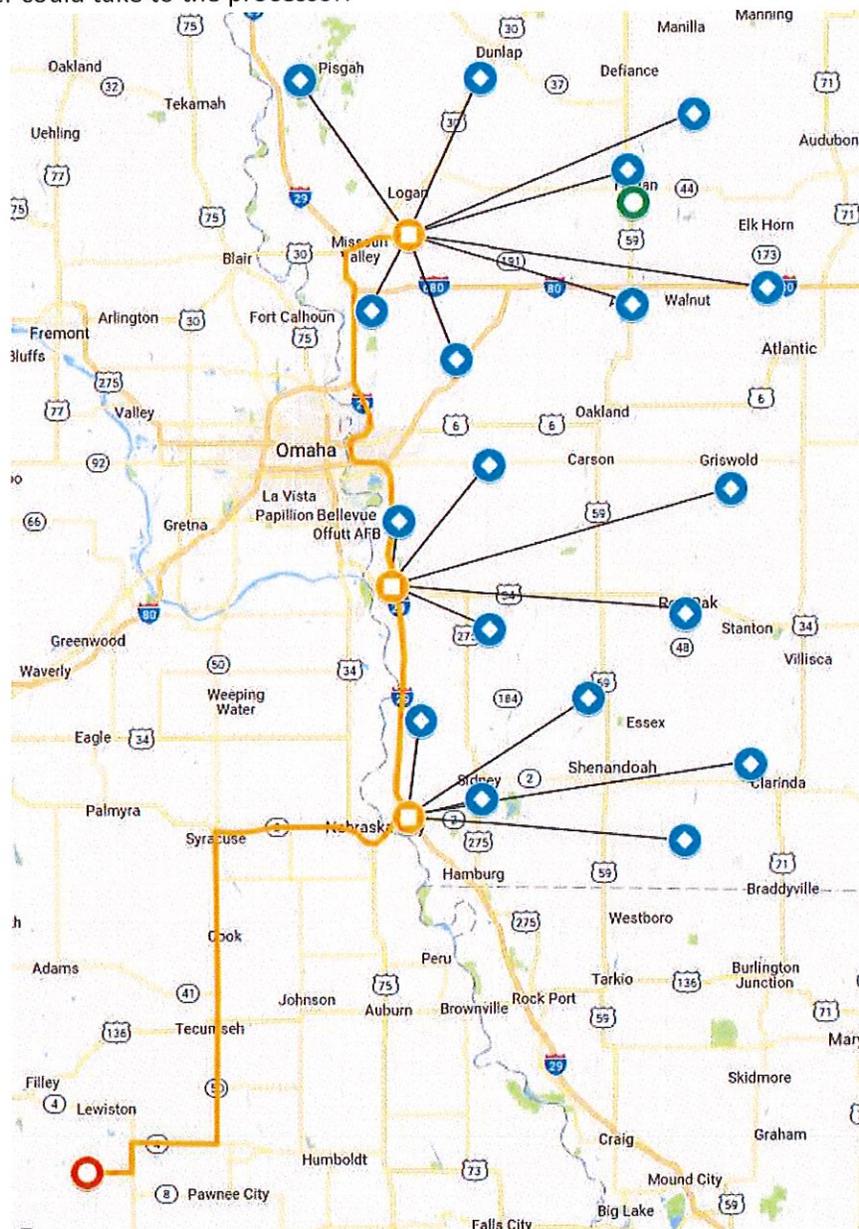
This MOU contains the entire Agreement of the parties and there are no other promises or conditions in any other Agreement whether oral or written. The terms and provisions of this Agreement are to be construed in accordance with the laws of the State of Iowa and applicable Federal Laws.

This MOU is at-will and may be modified by mutual consent of authorized officials from FTPD and GHRCD. This MOU shall become effective upon signature by the authorized officials from the FTPD and GHRCD and will remain in effect until modified or terminated by any one of the partners by mutual consent. In the absence of mutual agreement by the authorized officials from FTPD and GHRCD this MOU shall end on March 31, 2022.

After slaughter, the bagged birds are refrigerated (not frozen), so if producers prefer to sell fresh birds instead of frozen, they have the option of meeting the delivery truck there and picking up the birds before they are put into the walk-in freezer. Producers then communicated with Farmtable to arrange a time to pick up their birds. Farmtable could also help producers market and sell their birds to their

customers, which include a variety of restaurants, grocery stores, and food hubs in both Iowa and Nebraska.

The map below is an example of how the project could look. Producers' actual locations are not used for privacy purposes, but all the blue circles are general areas where participating producers might be located. The orange circles are sites where live birds can be dropped off for transport to the processor. The red circle in the lower-left corner is the USDA processor. The green circle (upper right) is Farmtable Delivery's warehouse and the walk-in freezer for storage of processed poultry. The orange line is the route the hauler could take to the processor.



FMap of project area. Blue circles are potential producers, Orange circles are potential pickup/dropoff sites for live birds, Orange Line is route of transport for live birds to processor, Red Circle is processor; Green circle is Farmtable warehouse.

Producer Expectations

Participating poultry producers should understand all the requirements, expectations, challenges, risks, and benefits of participating in a project like this. A basic simple sample agreement outline for participating producers is shown below.

**COOPERATIVE AGREEMENT
BETWEEN
GOLDEN HILLS RESOURCE CONSERVATION & DEVELOPMENT, INC.
AND
(POULTRY PROJECT PARTICIPANT)**

This agreement is entered into on this _____ day of _____, 2017 by and between Golden Hills Resource Conservation & Development, Inc.; hereafter referred to as the RC&D, and (participant). Therefore, both the RC&D and (participant) deem it mutually advantageous to cooperate in this undertaking and hereby agree as follows:

The RC&D agrees to:

1. Help coordinate schedule of processing dates with producers, processor, live poultry hauler and processed bird delivery company.
2. Link producers with other producers, Farmtable Delivery, and other additional markets.
2. Maintain open, clear and regular communication.

Participant agrees to:

1. Acquire chicks, feed, and other supplies for raising chicks for eight weeks (or other agreed upon time) in a humane manner.
2. Maintain open, clear and regular communication.
3. Address any issues that arise in a timely manner.
4. Have live birds at agreed-upon pickup site at agreed-upon time before slaughter.
5. Communicate with buyers to sell their poultry.
6. Communicate with Farmtable Delivery to determine time for picking up birds at warehouse or selling through Farmtable Delivery.
7. Return poultry crates to possession of Golden Hills RC&D upon termination from program.

It is mutually agreed:

1. This agreement will remain in force until _____. It may be modified and extended annually through notice by both parties in writing.
2. This agreement may be terminated or amended in writing with a 30 day notice by either party. The reason for any amendments or termination must be stated in writing.
3. This agreement sets forth the entire agreement by and between the parties and no change can be made in this agreement without the prior written consent of both parties.

Producers should know that participating in aggregated processing might mean they need to make some changes to their schedule, depending on what works with all the other involved parties. The easiest way to make it work is for all producers to do a group purchase of chicks and feed at the same time, which requires communicating with whoever will be coordinating the purchase. Producers must also pay for their chicks and feed at an agreed-upon time. Poultry growers are expected to purchase and provide all the other needed infrastructure and support for healthy and sustainable poultry production. This includes things like shelter, water, and humane treatment.

Producers must also know the risks associated with growing poultry. There is always a risk of some bird deaths during transportation to the processor, and producers should know that this can happen. Mortality rate is usually low, but it is not uncommon to lose some birds during shipment.

Birds will likely not all be the same size on the processing date due to different growing practices and environments, and producers need to know that their birds might not be the exact size they prefer when aggregating with numerous other producers.

Producers are also expected to pay for processing and transportation. We used grant funds to cover transportation expenses during the first round, but producers will be expected to pay a per-bird rate for transportation in the future. A spreadsheet of estimated costs is below. To make it easy for paying the transportation expenses, producers will likely pay a per-bird rate to the project coordinator, who will make one payment to the live bird hauler and one payment to the refrigerated truck company. This will be much easier than trying to get each producer to pay individually. Producers must also send payment to the processor with the live bird hauler. The payment options could vary depending on what your group agrees will work best for your particular situation.

This first budget is based on 1,000 birds, which is the maximum preferred by the processor. This would be the lowest per-bird rate for transportation expenses. The second budget is based on 750 birds, which is the lowest amount preferred by the processor. Transportation costs use the highest possible amount. Actual transportation could be significantly lower and almost certainly will not be higher than this. This spreadsheet is modified from one provided by a producer,

Based on 1,000 Birds													
Income				Expense								Profit/Loss	
Chickens	Price/lb	lbs	Total	Chick	Feed	Processing	Labor	Live Transport	Farmtable	Mileage	Total	Net Profit	per bird
1	\$ 3.64	5	\$ 18.20	\$ 0.95	\$ 5.50	\$ 3.00	\$ 0.36	\$ 1.20	\$ 0.18	\$ 0.60	\$ 11.79	\$ 6.41	\$ 6.41
50	\$ 3.64	5	\$ 910.00	\$ 0.95	\$ 5.50	\$ 3.00	\$ 0.36	\$ 1.20	\$ 0.18	\$ 0.60	\$ 589.50	\$ 320.50	\$ 6.41
100	\$ 3.64	5	\$ 1,820.00	\$ 0.95	\$ 5.50	\$ 3.00	\$ 0.36	\$ 1.20	\$ 0.18	\$ 0.60	\$ 1,179.00	\$ 641.00	\$ 6.41
250	\$ 3.64	5	\$ 4,550.00	\$ 0.95	\$ 5.50	\$ 3.00	\$ 0.36	\$ 1.20	\$ 0.18	\$ 0.60	\$ 2,947.50	\$ 1,602.50	\$ 6.41
500	\$ 3.64	5	\$ 9,100.00	\$ 0.95	\$ 5.50	\$ 3.00	\$ 0.36	\$ 1.20	\$ 0.18	\$ 0.60	\$ 5,895.00	\$ 3,205.00	\$ 6.41
500			\$16,398.20	Total							\$ 10,622.79	\$ 5,775.41	
Based on 750 Birds													
Income				Expense								Profit/Loss	
Chickens	Price/lb	lbs	Total	Chick	Feed	Processing	Labor	Live Transport	Farmtable	Mileage	Total	Net Profit	per bird
1	\$ 3.64	5	\$ 18.20	\$ 0.95	\$ 5.50	\$ 3.00	\$ 0.36	\$ 1.60	\$ 0.24	\$ 0.60	\$ 12.25	\$ 5.95	\$ 5.95
50	\$ 3.64	5	\$ 910.00	\$ 0.95	\$ 5.50	\$ 3.00	\$ 0.36	\$ 1.60	\$ 0.24	\$ 0.60	\$ 612.50	\$ 297.50	\$ 5.95
100	\$ 3.64	5	\$ 1,820.00	\$ 0.95	\$ 5.50	\$ 3.00	\$ 0.36	\$ 1.60	\$ 0.24	\$ 0.60	\$ 1,225.00	\$ 595.00	\$ 5.95
250	\$ 3.64	5	\$ 4,550.00	\$ 0.95	\$ 5.50	\$ 3.00	\$ 0.36	\$ 1.60	\$ 0.24	\$ 0.60	\$ 3,062.50	\$ 1,487.50	\$ 5.95
500	\$ 3.64	5	\$ 9,100.00	\$ 0.95	\$ 5.50	\$ 3.00	\$ 0.36	\$ 1.60	\$ 0.24	\$ 0.60	\$ 6,125.00	\$ 2,975.00	\$ 5.95
500			\$16,398.20	Total							\$ 11,037.25	\$ 5,360.95	

Contact Information

To learn more about this project, visit swiffi.org/poultry or contact the Project Coordinator:

Lance Brisbois

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**Agricultural
Marketing
Service**

