

MEMORANDUM
DEPARTMENT OF NATURAL RESOURCES

State of Alaska
DIVISION OF AGRICULTURE
1800 Glenn Highway, Suite 12
Palmer, Alaska 99645-6736

TO: Board of Agriculture & Conservation

DATE: February 28, 2006

FROM: Larry DeVilbiss, Director

**SUBJECT: Request for Proposals
Mt McKinley Meat &
Sausage**

Background

On February 7, 2006, the Board of Agriculture and Conservation (BAC) authorized the Division of Agriculture to develop a competitive Request for Proposals (RFP) that would attempt to privatize MMM&S pursuant to the outline entitled *Mt. McKinley Meat & Sausage Transition Plan 2006*. The BAC also reaffirmed its previous decision to close the facility no later than December 31, 2006. The Division has made significant progress over the last two weeks in the development of the RFP. The Division seeks (1) confirmation that the RFP terms are acceptable and (2) authorization to offer the RFP.

Property being offered

- Sale of real property, improvements and personal property owned by the ARLF, located at 385 Inner Springer Road, Palmer, Alaska
- Legal description- Lot H-2C-2, Palmer Industrial Park, according to Plat 84-2, Palmer Recording District

RFP Terms

- Minimum acceptable offer of \$10
- No bid deposit is required
- No ARLF installment contract financing is offered
- ARLF financing for purchase or operation is subject to application, review and approval by the BAC
- Fee simple title subject to reversionary clause and covenant requiring slaughter and processing service
- Contract containing the successful proposer's submitted operating plan and basic contract stipulations
- The proposal must maintain or increase the current level of slaughter and processing service provided for the industry for a period of 3 or more years

Minimum Requirements for Offeror

- Provide operations that maintain or increase the current level of slaughter and processing service provided for the industry for a period of 3 or more years
- Provide that Alaska farmers will have reasonable access to the services of the facility
- Demonstrate understanding and compliance with all USDA requirements including pricing and payment plans
- Provide a business plan for the anticipated sources of animals and markets for products
- If the plan includes wild game processing, the offeror should address how the plan will comply with all USDA requirements
- Provide names of key personnel who will be responsible for managing the operations of the business and the percentage of time these individuals will be committed to the operations

Evaluation and Scoring Criteria

- A committee made up of four (4) members, with the Director of the Board of Agriculture and Conservation as chairman of the committee, will evaluate the proposals and make a recommendation to the BAC.
- The four components that make up the evaluation criteria and their ranking in the scoring process are:

| | |
|---|-----------|
| Three-Year Operating Plan----- | 30 POINTS |
| Proposer’s Experience and Qualifications----- | 20 POINTS |
| Financial Ability----- | 25 POINTS |
| Price Offered----- | 25 POINTS |

- Evaluation of these criteria will include:

How well the operations plan meets the requirement of providing an outlet for Alaska livestock

Viability of the plan based on current assumptions and projected market conditions

Whether the plan adequately addresses all relevant issues in sufficient detail

How capital and operating needs will be met, including information on sources of capital for equipment, labor, facility payments, taxes, insurance, maintenance and operation

Review of items such as audited financial statements or balance sheets, personal savings, letters of credit, investor funding, and other information that will indicate that the respondent is capable of obtaining sufficient financial resources to operate the facility under the proposed operation plan

Experience and qualification of key staff members in operating or managing meat processing facilities, the marketing of meat products, facility and equipment maintenance, agricultural and general business experience and ability, and the amount of experience in the operation and maintenance of a USDA inspected facility

References must be included, with current contact names and phone numbers.

Conclusion

The RFP summarized above provides one last attempt to provide the industry time and support to transition into a private meat plant prior to closure and sale of the facility without any requirement that the kill floor remain open.

Recommendation

The Division of Agriculture recommends the board (1) authorize the Director to move forward with a competitive disposal of MMM&S pursuant to the RFP terms outlined in the summary above and (2) authorize offering the RFP to the public.

Approve_____ **Decline**_____

Subject to:

BAC CHAIRPERSON_____

Ed Kern

Date

State of Alaska
Department of Natural Resources
Division of Agriculture

Board of Agriculture and Conservation March 7, 2006 Board Meeting

MOTION

Mt. McKinley Meat and Sausage Plant

MOTION: Boardmember Burton moved to (1) authorize the Director to move forward with a competitive disposal of MMM&S pursuant to the RFP terms outlined in the summary above and (2) authorize offering the RFP to the public.

Boardmember Boyles seconded.

VOTE: The motion passed with 6 yes votes and 1 abstained vote. Chair Kern, Boardmember Alexion, Boardmember Boyles, Boardmember Burton, Boardmember Carter, Boardmember Martin voted yes. Boardmember Willard abstained.