

## **BACKGROUND**

### **Mt. McKinley Meat & Sausage**

December 1, 2005

The Agricultural Action Council, through an appropriation from the Alaska Legislature, financed the construction of Mt. McKinley Meat & Sausage (MMM&S) in the early 1980s. MMM&S was privately operated from 1983 until 1985. The facility was then repossessed by the Agriculture Revolving Loan Fund (ARLF) as a result of a loan default. Under a memorandum of agreement between the Alaska Department of Natural Resources and the Alaska Department of Corrections (DOC), MMM&S was reopened in December of 1986. DOC operated the plant for the Division of Agriculture, using it as a training opportunity for inmates while continuing to provide a slaughter facility for Alaskan farmers.

Two previous attempts to place the MMM&S in the private sector were unsuccessful. The following are summaries those efforts:

#### *2000 Request for Proposal (RFP)*

In 2000 it was offered by RFP for sale with a minimum bid of \$600,000. The restrictions were to continue operations as a slaughterhouse/processing plant. No responsive requests were received.

#### *2002 Request for Proposal (RFP)*

A proposal to lease and operate the MMMS plant for \$1.00 per year was released in October 2002. The intent of this proposal was to pass the plant into private hands and out of state control. This proposal required the lessee to continue operations at the plant at not less than the current level of service. It required the lessee to slaughter all domestic Alaskan animals presented and to purchase said animals at prices currently established. The term of lease was for five years with option to purchase at the end of the lease. No responsive requests were received.

DOC funded MMM&S facility until 2001 when budget shortfalls occurred. In 2001, the ARLF took over some of the financial obligations of operating the plant. On December 1, 2003, operation of the plant was taken over completely by the Division of Agriculture as DOC discontinued its financial and management support. Ongoing funding for MMM&S operations is now included in ARLF's budget.

On August 11, 2005 the Board of Agriculture and Conservation (BAC) voted to "authorize an updated appraisal or letter of opinion of Mt. McKinley Meat and Sausage (MMM&S) based on fair market value as is where is, assuming no restrictions on future use of property." In a separate motion the BAC moved and voted unanimously to "authorize the Division to begin the process to sell Mt. McKinley Meat and Sausage immediately, and to close the State directed operation on October 14, 2006."

On October 14, 2005 the BAC received testimony from the public on the closure. The majority of comments received during testimony requested the continued subsidized operation by the state. No alternatives to closing MMM&S were proposed during the hearing.

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### **MT. MCKINLEY MEAT & SAUSAGE**

On November 8, 2005 the BAC moved to recommend "that the BAC proceed with MMM&S disposal and closure...with the minor revision that the State directed operation closure date be extended to December 31, 2006."

Listed below is information on the history, funding and studies, and timeline for disposal of MMM&S. This information can be found at:

[www.dnr.state.ak.us/ag/ag\\_mmms.htm](http://www.dnr.state.ak.us/ag/ag_mmms.htm)

- 1. December 1, 2003 Mt. McKinley Meat & Sausage Company Review & Recommendations**
- 2. June 30, 2005 FY 05 Statement of Revenues & Expenses**
- 3. August 1, 2005 Memo to BAC from Division**
  - a. MMM&S background
  - b. Justification for disposal
  - c. Proposed timeline
- 4. August 11, 2005 BAC motions**
- 5. September 21, 2005 Appraisal Summary**
- 6. October 14, 2005 Public Hearing testimony**
- 7. November 1, 2005 Memo to BAC from Division**
  - a. Summary of testimony from October 14, 2005 public hearing
  - b. Division responses to testimony
  - c. Division recommendations including closure date extension to December 31, 2006
- 8. November 8, 2005 BAC motion**