



Mt. McKinley Meat & Sausage

Issues and Update from Alaska Farm Bureau

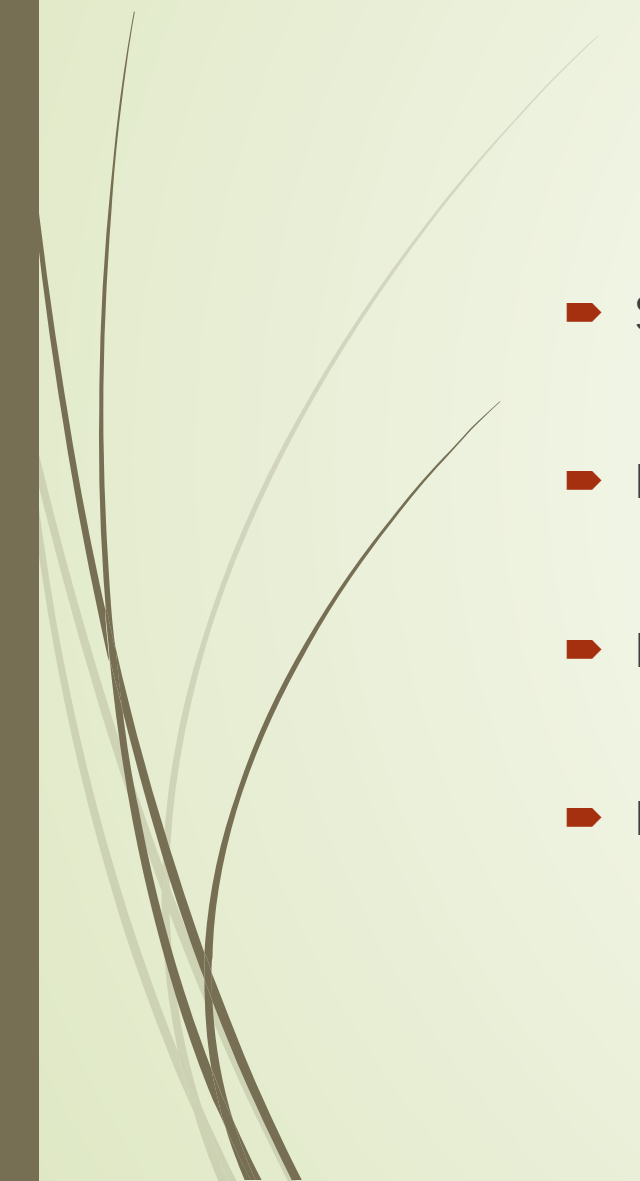


Brief History & Attempts to Privatize

- ▶ '83-'85 plant privately owned and operated
- ▶ Repossessed by ARLF – '86 reopened & operated by Corrections
- ▶ '03 operation taken over by Division of Ag
- ▶ 2000 RFP – offered for sale - no responsive requests received
- ▶ 2002 RFP – offered for lease – no responsive requests received
- ▶ 2005 Division authorized to begin process to sell and close October 2006
- ▶ December 2006 decision to keep MMM&S open while evaluating alternative proposals
- ▶ 2014 Division of Ag survey – “Would you be interested in owning/operating a USDA slaughter facility?” – 91.5% said NO



Issues Facing Mt. McKinley Meats

- ▶ State facility can't compete with private sector
 - ▶ Inconsistent inmate labor
 - ▶ Fall backlog with minimal use throughout the rest of the year
 - ▶ Insecurity with yearly budget approval and change in leadership
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Alaska Farm Bureau: Livestock Committee

- ▶ November 2014 – livestock committee formed
- ▶ Options: Privatize plant - build a new plant - continue fighting for current situation
- ▶ June 2015 requested assistance from Niche Meat Processors Assistance Network (NMPAN)
- ▶ October 2015 report from Nolan & Calicrate on evaluation and recommendations



MMM&S Steering Committee

- ▶ November 2015 – MMM&S Steering Committee Formed
- ▶ Alaska Farm Bureau budgeted \$25,000
 - ▶ Assist with forming an entity
 - ▶ Writing Business Plan
- ▶ What type of organization and how will it be structured?
- ▶ Who will run the day to day operations?
- ▶ Where will the start up funding come from?




Key Points for MMM&S Lease

- ▶ USDA compliance
- ▶ Fairness & equality for all producers
- ▶ Fees within a fair market window
- ▶ Increase marketing, labeling opportunities, etc.
- ▶ Increase value added products



Where We're At Now

- ▶ House DNR Budget Subcommittee: intent language added to budget
- ▶ Conversations with potential plant manager
- ▶ Investors
- ▶ Denali Meat Company formed and announce intention to submit lease proposal

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- It is the intent of the legislature to allow for a one-time increment funding of MMM&S with the purpose of allowing appropriate time for negotiations between a private entity and the BAC for the lease of MMM&S. This is done with the understanding that the transfer of operations will be finalized prior to FY18 and MMM&S will not be included in the FY18 budget. The Department should issue a request for proposals (RFP) immediately. The RFP should be drafted with the least restrictive terms likely to attract successful bids. The Department should solicit for and consider bids for a lease and for a lease with an option to purchase.



Next Steps

- ▶ Contact legislators: House Finance, Senate DNR Budget Subcommittee, Senate Finance
 - ▶ Akleg.gov
- ▶ March 31st 1:00pm – 3:00pm - BAC public hearing
- ▶ Livestock Committee resume meetings – strategies to increase livestock production

Opportunities for MMM&S and Livestock Industry

- ▶ Marketing/advertising
- ▶ Value added products
- ▶ By product use
- ▶ Product Preference Program
- ▶ Labeling for producers
- ▶ Organic processing
- ▶ Growth in the livestock industry

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