

REQUEST FOR PROPOSALS

FOR

LEASE WITH OPTION TO PURCHASE

MT. McKINLEY MEAT AND SAUSAGE

PALMER, ALASKA

ISSUANCE DATE May 9, 2016

Deadline for receipt of proposals: 4:00 PM, July 11, 2016
At The DIVISION OF AGRICULTURE
1800 GLENN HWY, SUITE 12
PALMER, AK 99645-6736

Issued by
STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
BOARD OF AGRICULTURE AND CONSERVATION

BAC RFP #16-01

MT. MCKINLEY MEAT and SAUSAGE BAC RFP #16-01

1.0 INTRODUCTION

1.1 Purpose of this Request for Proposals

The Department of Natural Resources, Division of Agriculture, Board of Agriculture and Conservation (BAC) is soliciting proposals from individuals and business entities to lease and operate, with purchase option, Mt. McKinley Meat and Sausage (MMM&S). Offerors are not required to be residents of the State of Alaska.

This slaughter and meat processing facility, located near Palmer, Alaska, is currently owned by the Agricultural Revolving Loan Fund (ARLF) and currently utilizes inmate labor from the Department of Corrections under its Alaska Correctional Industries program.

This facility is critical to Alaska's agricultural industry. While some limited slaughter/processing facilities are located elsewhere in Alaska, they cannot replace MMM&S in terms of availability to livestock producers, capacity and location.

The BAC desires to return the facility to the private sector contingent on assurances that the facility continues to operate as a slaughter/processing facility. The goal of the BAC is that MMM&S continues to provide the agricultural community at least the current level of service. The BAC has determined that disposal of the facility through a Request for Proposal (RFP) is more advantageous to the state than by competitive bid to ensure that the successful offeror has the necessary experience, financial ability and viable plan to purchase, slaughter, process and market Alaska produced livestock.

This facility (and related equipment), are being offered with a **five-year lease and option to purchase**. A minimum lease rate of **\$1.00 per month** has been set for the first 24 months. The lease rate for the remaining 36 months will be **\$1,600 per month**. The lease payments include the equipment currently in use by the facility. ARLF believes that a low initial lease rate is desirable in order to assist prospective bidders to make the time consuming and potentially expensive transition from State ownership to private ownership.

The real property, improvements, and personal property are being offered on the basis **"AS IS, WHERE IS, WITH NO IMPLIED OR EXPRESSED WARRANTY OF CONDITION WHATSOEVER."** A lease, subject to existing reservations, easements, and restrictions, must be executed by the successful offeror. An operating plan must be submitted by the successful offeror and will be a binding obligation that runs with the lease unless the BAC permits modification due to economic hardship or other extenuating circumstances. The terms of the operating plan will be incorporated into the lease agreement. This RFP is made in accordance with AS 03.10.050 and 11 AAC 39.700 – 790. The State does not guarantee or imply that the successful offeror will make a profit.

1.2 Minimum Requirements for Offeror

The successful offeror must meet the following minimum requirements:

- A. demonstrate the financial capability to operate the facility;
- B. demonstrate the experience and ability to operate a slaughter/processing plant;
- C. demonstrate that the offeror has a reasonable plan to slaughter, process and market Alaska produced livestock and maintain the current level of U.S.D.A. inspection services.

1.3 Lease Terms

The complete lease agreement is attached for review. It includes the following terms:

- A. the lease is for five years, with an option to purchase;
- B. the lease payment amount is \$1.00 per month for the first 24 months and \$1,600 per month for the remaining 36 months;
- C. lessee is responsible for taxes, insurance, utilities and maintenance of equipment and facilities;
- D. the operating plan for slaughtering, processing and marketing Alaska livestock is a part of the lease;
- E. the lease is non-transferable;
- F. a security deposit of **\$5,000** is required at lease execution.

1.4 Purchase Option

The lessee may submit a written request to the Director of the Division of Agriculture to purchase the facility and related personal property any time during the term of the lease as long as the written request is mailed to the Director by certified mail and postmarked at least 60 days prior to expiration of the lease. ***Specific requirements for exercising the option are set forth in the lease agreement.*** The purchase price will be the fair market value established at the time of the purchase request based on an appraisal conducted by an approved DNR appraiser. The lessee must pay for the appraisal. The cost of the appraisal will, however, be credited toward the purchase price at closing. The current value of capital improvements paid for by the lessee that were approved by the BAC during the lease will be deducted from the purchase price. ARLF purchase financing is not a part of the purchase option and such a request is subject to review and approval by the BAC. The purchase option is non-transferable and expires at lease termination or expiration.

1.5 Issuing Office

The office issuing this RFP is:

Department of Natural Resources
Division of Agriculture
1800 Glenn Hwy, Suite 12

Palmer, AK 99645-6736
Project Manager: Arthur Keyes, Director
E-mail: Arthur.keyes@alaska.gov
PHONE: (907) 761-3867
FAX (907) 745-7112

1.6 Contact Information

All inquiries regarding this RFP, except property inspection requests, must be directed to Arthur Keyes as indicated in paragraph 1.5. Property inspection requests should be directed to Amanda Swanson at 907-761-3869 or amanda.swanson@alaska.gov. All property inspections require a minimum 48 hour advance notice and can only be conducted Monday through Thursday. All property inspections must be completed by June 23, 2016.

1.7 Required Review

All offerors should carefully review this RFP. Questions, objections, or comments should be made in writing and received by the issuing office by June 23, 2016 so that any necessary addenda may be distributed to all interested parties. Protests based on omissions, errors, or the contents of this RFP may be disallowed if not submitted to the project manager in writing prior to this deadline.

1.8 Addenda to the RFP

Any addenda to this RFP will be in writing and made available to all persons who have received a copy of this RFP from the issuing office and will also be posted on-line on the Division of Agriculture web site at http://dnr.alaska.gov/ag/ag_ARLFAAssetDisposals.htm. You may also contact Amanda Swanson at 907-761-3869 with any questions or to obtain a copy of any addenda by fax or email.

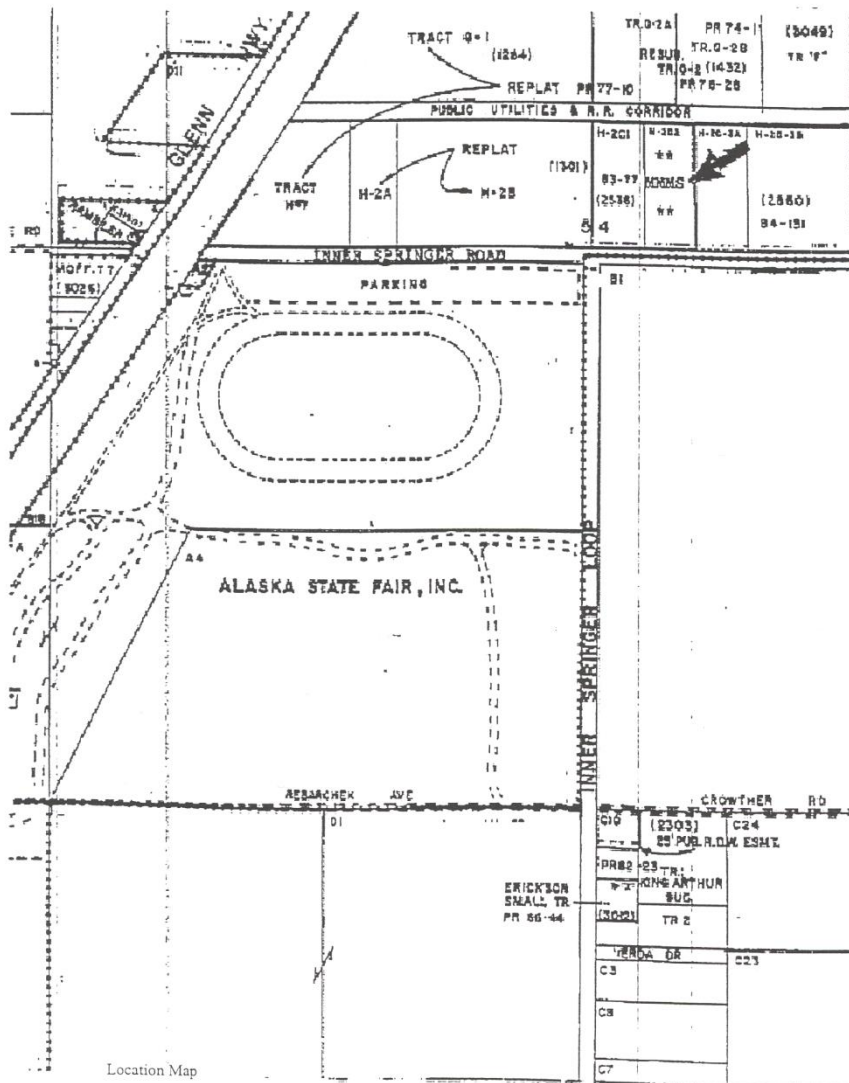
1.9 Americans with Disabilities Act

The State of Alaska complies with Title II of the Americans with Disabilities Act of 1990. Individuals with disabilities who need special accommodations to inspect the property should contact the Division of Agriculture in Palmer between the hours of 8:00 a.m. and 5 p.m., Monday – Friday at TDD (907) 762-2468 or (907) 745-7200 by June 16, 2016.

2.0 PROPERTY PROFILE

Mt McKinley Meat and Sausage

Minimum Lease Rate:	\$1.00/ per month for the first 24 months and \$1,600 per month for the remaining 36 months.
Legal Description:	Lot H-2C-2, Palmer Industrial Park, according to Plat 84-2, Palmer Recording District
Location:	385 Inner Springer Road, Palmer, Alaska
Lot Size:	3.5 Acres
Improvements:	Total estimated building area - 16,000 sf Freezer space - 5,000 sf Cooler space - 5,000 sf Loading docks - 3 bay doors and 3 docks Processing area - 2,400 sf Smoking area - 500 sf One fully equipped processing line Number of structures - 3 (main building, maintenance shed, storage shed)
Present Use:	Slaughter and processing facility
Road Access:	Glenn Hwy via Inner Springer Loop Road
Inspection Contact:	Amanda Swanson, Division of Agriculture Phone: (907) 761-3869 E-mail: Amanda.swanson@alaska.gov
Information/Photos	Division of Agriculture, Palmer



2.1 Facility History

The Agricultural Action Council through an appropriation from the Alaska Legislature financed the construction of MMM&S in the early 1980s. MMM&S was privately operated from 1983 until 1985. The facility was recovered by the 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, MMM&S was reopened for operation in December of 1986. MMM&S is the only USDA approved slaughter facility in South Central Alaska.

A fire on November 21, 1997, caused extensive damage to the building. Three repair projects have been completed. The repairs have returned the building to good condition and the facility is approved by the USDA for slaughter and processing.

2.2 Current Facility Operation

The current operation purpose is to provide inmates with work and job training in the processing of meats and meat products. The plant employs three state employees – two production managers and one plant manager. Currently, the USDA provides meat inspection and grading.

The facility purchases livestock primarily from producers located in the Tanana Valley, the Matanuska – Susitna Valleys and the Kenai Peninsula. Occasional purchases may come from other locations throughout the state.

MMM&S produces a wide range of beef and pork products. MMM&S currently sells boxed meat products to the Department of Corrections. A private operator would have to compete for these markets, and would need to qualify for the Alaska preference in bids on State purchase contracts.

2.3 Annual Activity and Operational Costs

Information concerning plant financial income and expenses and other formation may be obtained from Lora Haralson at 907-761-3851, or on line at

http://dnr.alaska.gov/ag/ag_mmms.htm

3.0 SOLICITATION

3.1 Summary of Solicitation Process

Subsequent sections of this RFP contain detailed information on the process that will be used to make any award. Proposal requirements are detailed in **Section 4**. The BAC will evaluate proposals utilizing the criteria listed in **Section 5** and may select a successful proposal.

The BAC may reject any or all proposals, waive any minor defect, or cancel the disposal in its entirety if the BAC determines that rejection, cancellation or waiver is in the State's best interest. The BAC is not obligated to enter into an agreement with any offeror. The BAC is not responsible for any cost associated with the preparation or submission of proposals.

3.2 Proposal Submittal

All offerors are required to deliver one copy of their proposals to the address given under "Issuing Office." Proposals must be received at the issuing office on or before **4:00 PM, July 11, 2016**. A late proposal will not be accepted. The proposal, including all appropriate attachments, must be delivered in a sealed envelope, clearly labeled as follows:

"PROPOSAL FOR OPERATION OF
MT. MCKINLEY MEAT AND SAUSAGE"
COMPANY OR OFFEROR'S NAME

All proposals will be recorded as to the time and date they are received. **Faxes or e-mails are not acceptable**. Once submitted, a proposal becomes the property of the State.

4.0 REQUIREMENTS FOR A COMPLETE PROPOSAL

Proposals that do not include the items listed below will be rejected. The specific information to be provided is detailed in Section 5.1.

- A. Transmittal letter
- B. Operations plan and budget
- C. Evidence of Offeror's experience
- D. Evidence of Financial viability
- E. Offeror's Affidavit
- F. Credit Release

4.1 Proposal as Part of Sale

The successful proposal will become an integral part of the lease. The proposal, including the operations plan, is a binding obligation and part of the lease unless the BAC permits

modification of the operation plan due to economic hardship or other extenuating circumstances.

4.2 Right of Rejection

- A.** The project manager will reject a proposal under any of the following conditions:
 - 1. If the offeror does not submit a complete proposal as described in Section 4.0, to the issuing office at the designated location by the specified time and date.
 - 2. If the proposal shows any material alteration, conditions or additions not called for or erasures.
 - 3. If the proposal is conditional.
 - 4. If an individual, person, partnership, corporation or any other legal entity under the same or different names submits more than one proposal.
- B.** The project manager reserves the right to reject a proposal under any of the following conditions:
 - 1. If the offeror is in default on any agreement to the State of Alaska.
 - 2. If the offeror has engaged in any unauthorized contact with the State of Alaska Executive Branch officials concerning the subject matter of this RFP.
- C.** An offeror whose proposal is rejected may appeal the project manager's decision to the BAC. An appeal under this section must be received at the Division of Agriculture five days before the BAC meets to consider an award of the lease.

5.0 PROPOSAL EVALUATION and AWARD

The BAC will evaluate proposals at a regularly scheduled meeting, or at a special meeting called by the board chair.

5.1 Evaluation Criteria

- A. Transmittal Letter:** Offerors must include a letter of transmittal containing the following:
 - (1) the complete name, mailing address and telephone number of the offeror and contact person for the proposal;

- (2) a statement confirming that the proposal is valid for a minimum 90 days;
- (3) the signature of the individual(s) authorized to commit the offeror to the provisions of the proposal; and,
- (4) the authority to act if the individual signing is representing a corporation, partnership, LLC, joint venture, or similar entity.

B. Operating Plan and Budget:

The proposal must include an operations plan and include the following:

- (1) estimates of the number and type of animals to be slaughtered and processed on a monthly basis;
- (2) the source of animals to be slaughtered and processed;
- (3) an assurance that Alaskans will have access to the services of the facility;
- (4) how you intend to meet the U.S.D.A. inspection requirements, including your plans for operation under a Hazard Analysis and Critical Control Points Plan (HACCP);
- (5) the anticipated markets for products from the plant;
- (6) a projected five-year cash flow for facility operation;
- (7) schedule of kill floor/processing operations; and
- (8) maintenance (plan) schedule;

The successful applicant will need to obtain a valid business license and a conditional use permit from the City of Palmer.

Evaluation will be based on how well the operations plan meets the requirement of providing an outlet for the Alaska livestock producers. This determination will be based on the offeror's operating and marketing plan, cash flow projections and likelihood of success. If the plan includes wild game processing, the offeror must address how USDA requirements will be met for the processing of domesticated animals.

C. Offeror's Experience:

The proposal must include detailed information on offeror and staff experience in operating and managing meat processing facilities and marketing meat products. The amount of time and particular abilities that key people will give to the operation must be provided. The evaluation will be based on the offeror's general business experience and ability, in addition to the level of experience the offeror and the staff have in meat processing.

D. Financial Viability:

Evaluation will be based on the offeror's financial ability to operate the facility. The proposal must include information on how capital and operating needs will be met, including information on sources of capital for plant operation. Items such as personal savings, letters of credit, investor funding and other information that

shows that the respondent is capable of obtaining sufficient financial resources to operate the facility under the proposed operation plan should be provided.

To the extent that the offeror designates and the Director concurs, trade secrets and other proprietary data contained in the proposal documents will be designated confidential and not released to the public. A potential offeror may appeal the Director's decision to the BAC. Proposals, other than confidential records, will become public information upon the date the Award to lease becomes final.

E. Lease Rate Offered:

Lease payments to be \$1.00 per month for the first 24 months and \$1,600 per month for the remaining 36 months.

F. Offeror's Affidavit:

The attached Offeror's Affidavit must be completed and submitted with the proposal packet.

G. Credit Release:

The attached Credit Release form must be completed and submitted with the proposal packet.

5.2 Interviews

The BAC reserves the right to interview offerors. The interviews, if any, will be scheduled to take place at the convenience of the BAC.

5.3 Notice of Intent to Award

After completion of the evaluation process, the BAC will issue a written Notice of Intent to Award if any proposal is selected.

5.4 Award

The Department of Corrections currently uses MMM&S for inmate training and will need adequate time to close out its activities. Nevertheless, in order to minimize disruption of service to the agricultural industry, execution of the lease must take place no later than **90 days** following the date of the award unless otherwise agreed to in writing by the BAC. Taxes, assessments, insurance and accounts payable and receivable, if applicable, will be prorated as of the closing date.

5.5 Financing

ARLF loans may be available for plant operations subject to the standard loan application, review and approval process. Contract purchase financing may be available, subject to BAC authorization.

5.6 Appeals

A person adversely affected by decision made by the BAC, that is a final administrative decision, may either (1) seek reconsideration with the BAC in writing within 30 days of the notice to award or (2) appeal to superior court under the Alaska Rules of Appellate Procedure. An appeal or request for reconsideration to the BAC should be sent to the following address:

Board of Agriculture and Conservation
C/O Director, Division of Agriculture
1800 Glenn Hwy, Suite 12
Palmer, AK 99645

**Sale or Lease of
Mt. McKinley Meat and Sausage**

OFFEROR'S AFFIDAVIT

I am signing this affidavit in my capacity as (check one):

- ☐ an individual in my individual capacity
- ☐ a general partner of a general or limited partnership
- ☐ the managing member or other authorized member of an Alaska Limited Liability Company
- ☐ a corporate officer pursuant to a written resolution

_____, being first duly sworn, state(s) the following:
Please print your name

1. The Affiant, as offeror or as authorized representative or officer of the offeror, has carefully examined all proposal documents relating to the disposal of Mt. McKinley Meat and Sausage.
2. The offeror acknowledges that all documents and statements, except for confidential financial records, submitted with the proposal become the property of the State of Alaska (State) when received by the Division of Agriculture and then become public information at the time the BAC issues a notice of intent to award.
3. The proposal is not made in the interest of or on behalf of any undisclosed person, partnership, company, association, organization or corporation.
4. The proposal is genuine, not collusive, nor a sham.
5. The offeror has not, directly or indirectly, induced or solicited any other proposer to submit a false or sham proposal and has not directly or indirectly colluded, conspired, connived, or agreed with any proposer or anyone else to submit a sham proposal or to refrain from submitting a proposal.
6. The offeror has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the obligations of this or any other proposal, nor fix the cost element of the proposal price, nor to secure any undue advantage against the Department of Natural Resources, or anyone interested in BAC RFP # 16-01.
7. All statements contained in the proposal and supporting documents are true.
8. The offeror has not, directly or indirectly, divulged the proposal to any individual, or any agent of any corporation or company, or organization competing in BAC RFP #16-01.
9. The offeror has not paid and will not pay or agree to pay, directly or indirectly, any money or other valuable consideration to any public official who may participate personally and substantially in the selection of the successful proposer.
10. The offeror is not in arrears on any payment owed to the State of Alaska, is not in default of any obligation to the State of Alaska, and has not failed to perform any previous agreement with the State faithfully and diligently.

11. The offeror is able to successfully undertake and complete the responsibilities and obligations of this offering and proposal as submitted.
12. The offeror has not engaged in any unauthorized contact with State Executive Branch officials.

NOTE: If the person signing this affidavit is signing on behalf of a **partnership** or **joint venture**, all general partners or parties to the joint venture must sign. If the person signing this affidavit is signing on behalf of a **corporation or LLC**, a corporate officer or member of the LLC must sign. You must also submit *a resolution from the corporation or LLC authorizing that individual to sign on behalf of the corporation or LLC*.

NOTORIZE (copy and attach additional signature sheets as needed)

Date: _____

By its: _____

Subscribed and sworn to or affirmed before me at _____, Alaska
on _____, 2016.

Notary Public in and for Alaska
My commission expires: _____

Date: _____

By its: _____

Subscribed and sworn to or affirmed before me at _____, Alaska
on _____, 2016.

Notary Public in and for Alaska
My commission expires: _____

CREDIT RELEASE AUTHORIZATION FORM

The undersigned authorizes the release of information to the State of Alaska, Department of Natural Resources, Division of Agriculture, Board of Agriculture and Conservation (BAC) on any and all information concerning the nature of my financial transactions, including, but not limited to, the amount of credit extended, the terms and conditions of the transactions, the current balance, if any is outstanding, repayment record and deposits.

I understand that the information is **confidential** pursuant to 11 AAC 39.061, and will be used by the State for the sole purpose of evaluating a proposal that I have submitted to ARLF for ARLF Sale #16-01.

Signature of Proposer

Date

Printed Name

Signature of Proposer

Date

Printed Name

Signature of Proposer

Date

Printed Name

Signature of Proposer

Date

Printed Name