

# STATE OF ALASKA

## DEPARTMENT OF NATURAL RESOURCES

### DIVISION OF AGRICULTURE

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December 28, 2006

Dear Alaskan:

This letter is to inform you of some changes that are planned for the Mt. McKinley Meat & Sausage (MMM&S) plant located in Palmer. The Division of Agriculture (Division) took over the operations of MMM&S in 2003. At that time, the Division implemented some changes based on the MMM&S Proposed Operation Plan (Operation Plan) submitted on November 7, 2003 by the Director of the Division of Agriculture and the Mt. McKinley Meat & Sausage Review and Recommendations Final Report (Report) prepared by the Division of Agriculture on December 1, 2003. Some of those changes were incremental and the final stages are incorporated in this update.

The Report and Operation Plan can be reviewed online at the Division website. These changes have resulted in a reduction in the MMM&S annual operating losses. The remaining MMM&S shortfalls over the last 5 years have been funded from the Agricultural Revolving Loan Fund (ARLF).

In an ongoing effort to keep the facility open and minimize the use of the ARLF funds, the Division recently reviewed the Report, the Operation Plan, and current MMM&S operations to further increase efficiencies and revenues. These changes include management changes aimed at reducing expenditures and fee adjustments to increase revenues. Fees are being adjusted to align closely with private industry prices. We realize these changes will have an impact on businesses and individuals who utilize MMM&S, but believe the changes are fair and will further reduce the need for the ARLF to fund the plant's annual shortfalls.

The following changes will be implemented by the Division effective January 1, 2007:

- The purchase price for all MMM&S product is Freight on Board (FOB) MMM&S;
- MMM&S will charge a freight fee for all deliveries;
- MMM&S will charge a handling fee of \$ .05 per pound for all deliveries;
- MMM&S will discontinue paying the livestock producers the \$.05 freight differential for live animal purchases;
- MMM&S will utilize the pricing structure for live animal purchases based on USDA reporting from Sioux Falls, SD to establish the price paid to producers.
- Increase slaughter fees to \$75 each for beef and swine, \$65 each for goats and sheep, and \$100 for alternative livestock to be competitive with private industry fees; and
- Increase the fees for custom cut & wrap services to \$ .65 per pound for paper wrap and \$ .85 per pound for vacuum seal.

*"Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans."*

The Division is committed to addressing the industry need for a USDA kill floor in Southcentral Alaska. The Board of Agriculture and Conservation (BAC) reiterated its open door policy to entertain written proposals offered for management and/or purchase of MMM&S. Any suggestions you have will be given due consideration.

The Division plans to periodically review changes to MMM&S operations to increase efficiencies and minimize shortfalls. Please send your questions and comments in writing to the Director, Division of Agriculture at 1800 Glenn Highway Suite #12, Palmer, Alaska, 99645; or fax to (907) 745-7112; or email to [Larry\\_DeVilbiss@dnr.state.ak.us](mailto:Larry_DeVilbiss@dnr.state.ak.us).

Sincerely,

A handwritten signature in cursive script, reading "Larry DeVilbiss".

Larry DeVilbiss  
Director