

BOARD OF AGRICULTURE & CONSERVATION
PUBLIC HEARING
Mt. McKinley Meat & Sausage Plant
October 14, 2005

Chair Edward Kern: Lora?

Lora Haralson: Yes.

Chair Edward Kern: Call the roll.

Lora Haralson: Yes, I will. It's October 14th. The time is 10:03 a.m.

This is a public hearing on Mt. McKinley Meat & Sausage. We're the Board of Agriculture and Conversation. Chair Edward Kern?

Chair Edward Kern: Here.

Lora Haralson: Boardmember Pete Alexion?

Boardmember Pete Alexion: Here.

Lora Haralson: Member Boyles?

Member Boyles: (Inaudible reply)

Lora Haralson: Boardmember Bill Burton?

Boardmember Bill Burton: Here.

Lora Haralson: Board Boardmember Carrol Martin?

Boardmember Carrol Martin: Here.

Lora Haralson: Board Boardmember Bruce Willard?

Boardmember Bruce Willard: Here.

Chair Edward Kern: Okay. The agenda for today is to take public comment on the issue of the Mt. McKinley Meat & Sausage Processing Plant. We'll go through public comment. This is as a result of a board decision in August 11th to authorize the sale of this plant. And to -- in

addition to close the plant, the state operated part of the plant at least, on October 15th, 2006. Due to this being of course a major decision affecting a lot of the industry, a public hearing is order to give the board additional input, I believe, for our final decision-making on this process. I'd like to have Director Larry DeVilbiss make a couple of comments on the reasoning the staff has recommended this process. Larry, would you proceed?

Director Larry DeVilbiss: Okay. I'll try to keep my comments to the three minutes everybody else is supposed to be.

Chair Edward Kern: That's appreciated.

Director Larry DeVilbiss: (Indiscernible) to today. The short and bottom line is that for quite a number of years, Mt. McKinley Meat has been operating and subsidized out of the ARLF fund, which is within a couple of years of running dry. And when I came on board, one of my goals was to try to at least get the ARLF fund operating on a sustainable basis.

When we take Mt. McKinley out of the picture, we can do that. And that was definitely part of the thinking in the process that we're moving into. As most of you are aware, we have made several attempts to get this privatized. When it was taken over in the first place, that was the original intention. And none of those efforts have been successful in the past. So this time we are hoping that something could work out, but in the meantime, the feeling is that as long as Mt. McKinley stays in place probably nothing else is going to move in to take that on a private sector. And I've to say that as a producer, one of my gripes about Mt. McKinley is

that they were not as a state institution in a position to develop a beef industry market because they would be competing with the private sector. And so that side of the Mt. McKinley sales has been significantly missing. It's been a wonderful outlet to the state institutions, but that's the limit of it.

There is a memo here that backed up the recommendation that went to the board and that was approved back in -- is that June or July? It was our.....

Chair Edward Kern: To the August.....

Director Larry DeVilbiss: It was our last (indiscernible) in August. Okay. And that's available to the public. It outlines the over \$4,000,000.00 that the state has poured into Mt. McKinley Meat. And it's some red ink that we just can't afford to keep going. I think that's the long and short of it. And we'll be looking forward to see what everybody has to say and what we can accommodate. I appreciate everybody coming out.

Chair Edward Kern: Okay, thanks, Larry. A couple of keys, we'll try to hold everyone as close as we can to a three-minute limit so we can get through this process. I'm not sure how many are going to be calling in. The board will limit their comments to questions, if they have any. We're not going to get into trying to discuss an answer or issues. We're going to listen at this meeting and then we can discuss this amongst the board members at the next board meeting. Okay. Do we have a.....

Director Larry DeVilbiss: Mr. Chairman? Mr. Chairman, is there a sign-in sheet that needs to -- you've been taking care of that?

Lora Haralson: Yes, I have.

Director Larry DeVilbiss: Okay. Good.

Chair Edward Kern: Okay. I'm going to assume that each one on this list is interested in talking. If not, let me know. But we'll start out with Robert Boyd.

Robert Boyd: My name is Robert Boyd. I raise (indiscernible).

Chair Edward Kern: Just a minute, Bob. I know it's difficult, but can we get the microphone over there for you.

Robert Boyd: Sure, sure. Make a one-legged guy walk.

Chair Edward Kern: There will be a complete transcript of this hearing made and you don't need to take notes if you don't want to. We'd like to just -- state your name and then your comments.

Robert Boyd: My name's Robert Boyd and I raise beef animals. I also raise buffalo. For me, Mt. McKinley Meat's very important. We get to a stage to start butchering buffalo, it's where we're going to have to do it in order to be able to sell our meat. Without it, we won't be able to sell it as processed meat. So I'm in favor of the plant staying open.

Chair Edward Kern: Thanks, Bob. I think Don Brainard was next on the list. Don?

Don Brainard: My name is Don Brainard and I've been asked to come and speak on behalf of Northland Pioneer Grange Number 1. And

I'm also the president of Alaska Farmer's Union. Last night, the Northland Pioneer Grange Number 1 held a monthly meeting and discussed Mt. McKinley Meat & Sausage. And earlier in the week, Earl Clabo and Sig Restad and Rob Wells visited Mt. McKinley Meat and had extensive conversations with an employee over there.

And the grange last night took the position that the State of Alaska needs to continue operation of Mt. McKinley Meat & Sausage under the present system. This system derives a lot of benefit for the State of Alaska. It provides a marketplace for dairy culled cows, it provides a place with a USDA stamp that can slaughter and then donate 4H and FFH animals from the state fair, the Kenai fair and the Delta fair. It also provides a marketplace for a number of cattle and hog operations that ARLF actually has loans out to. And on top of that, it provides a tremendous amount of meat to the corrections institutions around the state at a competitive price.

Beyond that, the present system also provides training to inmates. Several of these inmates that have been released are working in the private sector as meat cutters. This is of tremendous worth to society as a whole. Certainly, the numbers that we have heard as a loss over this past year are less than \$50,000.00. The combined benefits to the State of Alaska far exceed that piddly amount. The real question is who should pay that amount of money.

And my feeling is that the solution is really within the governor's office, perhaps with a push from the state legislature and that corrections

should pay for the value of the training that those inmates receive and that would pretty much wipe out any deficit that that plant incurs.

And also, it's my understanding that an employee recently left over there and that his salary and benefits also more than cover the loss of the current year. The real solution is to negotiate a long-term agreement with the corrections department to keep the inmates in there, going through their training, and to continue to provide a marketplace for Alaska's animals and also provide meat for the corrections institutions.

And I would just challenge Larry's statement that he's going to operate the Division of Ag on a sustainable basis through ARLF funds. I sat on the Board of Ag for three years and that never even came close. During those three years, they have -- actually, it was 3-1/2 years. During those three years, the drain on ARLF funds from the division far exceeded the \$4,000,000.00 that he's talking about as a drain from the meat plant.

Chair Edward Kern: Thanks, Don. Appreciate the comments.

Okay. Jim Sonyer, you're just listening?

Jim Sonyer: No. No comment. No comment.

Chair Edward Kern: Okay. Vern Kjellesen?

Vern Kjellesen: I'll just listen today.

Chair Edward Kern: Just listening. Okay. Thanks, Vern. Bill Kornmuller?

Bill Kornmuller: I'm a dog musher from Willow and I get quite a bit of product from Denali Meat. And I know I'm not the only one. And it's a

really valuable service for me. I can't tell you how much I'd have to pay to get products from all over Canada. And beef is extremely hard to get into Alaska for dog mushers. And I just can't believe that this isn't a win-win situation for the Department of Agriculture, both in terms of benefits, you know, as the last guy specified here, with the inmates and so forth. And the amount of money that they're spending and the amount of benefits to the agriculture in the Valley, which I understand is a fairly big priority for the Department of Agriculture, I just can't believe without some kind of plan for somebody to take over and perform this service for everyone that they're considering just ending the whole thing and walking away from it. And I personally would hate to see it go and I'm sure anybody involved in agriculture in this community here would hate to see it go. You know, that's my point of view and I certainly have an interest, a self-interest, in it, but I think there's a pretty big picture here that everybody should be looking at as well. Thank you.

Chair Edward Kern: You bet. Jeff Curry?

Jeff Curry: No comment.

Chair Edward Kern: Just no comment. Okay. Lee? I'm going to let you pronounce your last name.

Lee Hecimovich: Good morning. My name is Lee Hecimovich and I'm the 4H youth development agent for the Mat-Su/Copper River District. I speak in behalf of over a thousand youth and their families, past and present, who have been involved in livestock projects in the Mat-Su Valley

and throughout Alaska. Mt. McKinley Meat has been a long, strong supporter of youth livestock endeavors, particularly our district market livestock project. They have made their scales available for our auction weigh-in, accommodate our animals after the fair, provided carcass evaluation clinics and other educational opportunities, slaughter and delivery of animals, as well as quality cutting and wrapping services.

Their employees, particularly Frank Huffman, have always been very friendly, helpful and professional. The loss of this facility and services would seriously affect, if not eliminate, the 4H livestock project in this district, Kenai and possibly other areas. Purposes of the livestock program is to teach young people the basic principles of animal husbandry and how to train and show their animals. But more importantly, to provide an opportunity for personal growth and development of that youth. These life skills include responsibility, fairness, respect, trustworthiness, citizenship, public speaking, as well as entrepreneurship. Many studies have shown that youth involved in quality programs or activities are far more unlikely to participate in harmful activities. Some of these harmful activities such as alcohol and drug abuse have been identified as major concerns by recent borough community assessments.

Livestock projects provide our youth opportunities for participation in positive rather than negative activities. These are the youth that grow up to be our community leaders, businesspeople, service providers as well as agricultural producers. Many of these youth will continue to raise quality

livestock in Alaska providing Alaska grown breeding stock and fresh organic meats. The 4H program, both here and across the country, has evolved into a wide variety of projects and activities over the past 103 years, but animal projects remain a favorite. Closing Mt. McKinley Meat would gut this important part of our program, no pun intended, as there are no other similar resources to assist us.

It is not reasonable for families or the animals to have to be hauled to Fairbanks or Delta facilities. The State of Alaska owes it to our youth to continue to seek alternatives to closing the only slaughterhouse within a 350-mile radius. One could argue that youth have other activities to choose from and Alaska is growing more urbanized and we have plenty of grocery stores, thus livestock projects are obsolete. But there are no substitutes for the experience and knowledge gained while working with livestock. Our youth deserve this opportunity to grow and learn and the state needs to make it a priority to keep Mt. McKinley Meats running. Thank you.

And as a side note, I talked with our extension home economist this morning, Julie Cascio, who is over in the Palmer office, and she expressed some serious concerns that if the slaughterhouse was not available that people would do more home slaughtering and other alternatives and there might be some serious health concerns to come up. So that's just a side, but thank you.

Chair Edward Kern: Thanks, Lee. Okay. Gary, do you?

Gary Beu: I'm just going to try to listen.

Chair Edward Kern: You're going to try? What about Carla?

Carla Beu: We're going to try and listen.

Chair Edward Kern: Okay. And I'm sure Doug's just listening over there and Bob Thom?

Boardmember Bruce Willard: Can we get these folks to tell what their background is as far as their interest here when they -- if they're going to speak?

Chair Edward Kern: I guess that's up to them. I'm not going to force it.

Carla Beau: Gary and I own Windsong Farm and raise beef for custom slaughter, so we sell directly to customers and Mt. McKinley Meat is our only (indiscernible) slaughterhouse.

Boardmember Bruce Willard: So we know what we got in here for interest.

Chair Edward Kern: Okay. Okay. We're ready for Bob.

Bob Thom: Oh, okay. Give you a little history. My name is Bob Thom and I used to be a beef producer and hog producer. But anyway, I was on the ground floor way back when McKinley was proposed and went to meetings and worked with the committee in the original proposal to build it. And what it was built for originally was a production oriented agriculture, which land was cleared in the state and then production moved upwards. And then all the ones -- somebody in the federal

government decided that we need subsidies like some of the farmers get Outside.

So then all the ones that subsidized agriculture programs took over and what this led to was the land, see, in Delta Junction was originally cleared for \$200.00 an acre then sold back to the farmers for \$100.00 an acre and then all the ones here, the ARLF, was reselling it for \$300.00 an acre, so it inflated the land to a value of -- a subsidized value to which farmers really cannot raise grain under a production basis and exist without subsidies.

And this has happened all over America, not just in Alaska. And subsidized business has taken over. And if you notice that Chrysler way back a few years declared bankruptcy. Well, they declared bankruptcy, got a big, huge federal subsidy so they could keep in existence. Well, that's happened with the airlines, it's probably going to happen now with the two big ones. And with this money coming in from this subsidized land sales, to mainly the ARLF gets most of it because of the inflated land price and it's federal government money anyway. So my recommendation is for the ARLF to earmark a half a million dollars a year and subsidize the packinghouse. Because the money goes to mainly state employees and does not directly go to any farmer in the first place. Thank you.

Chair Edward Kern: Thanks, Bob. Okay. Next on our list I see Rob Wells.

Rob Wells: Thanks to the board for the ability to comment today. My name is Robert Wells. I'm president of the local chapter of the Mat-Su Farm Bureau. I'm also executive director of Mat-Su Resource Conservation and Development. Of course, I had a five-year run here as a past director and I also have a background in economics. But I'm speaking for myself today. We did not take a formal position at the Mat-Su Farm Bureau, although we did discuss this issue at our last meeting. I've also never used the plant as a customer, although I have bought product there.

I appreciate the challenge of the director and the state in dealing with the ag budget and the losses to the ARLF fund because of the operation of this plant. A few years ago, I think that loss was about 300,000 a year. Corrections picked up that tab, appropriately so because of the training that the inmates receive. But since then, there's been some analysis and efficiencies created and so I do think the losses are probably only in about the \$50,000.00 range. I would suggest to the board and the director that -- and the state farm bureau at the their annual meeting last year did include in their platform that we recapitalize the ARLF. The drain on the ARLF has been from the meat plant, but it's been more so from division operations. And it's time for the legislature to step up to the plate and recapitalize the ARLF. And I believe in our platform last year we said \$10,000,000.00 so I would hope the board would pursue that.

We do a lot of things differently in Alaska. Of course, we all just got checks in the mail from the government. And so I don't think it's

inappropriate that we consider Mt. McKinley Meat & Sausage as a public utility that serves a public purpose for our youth, the 4H, the FFA, it provides corrections training and it provides a regional slaughterhouse. And to lose that infrastructure is going to be a serious -- another strike against the dairy industry and other existing businesses in this region. And I don't think we can afford that.

I agree with Mr. Brainard that we should shift some of those training costs back to corrections. There was a long-term agreement that dated back, I believe, from the early '90s until about 2001 with corrections on the operations. There was an effort to re-establish that long-term agreement, but there was obviously a shift in administration and it was never accomplished. I urge you -- one question I'd like to have answered for the public is, is there a public use requirement on that property? Is there some kind of deed restriction that requires it to remain in public use? Please, Board of Agriculture, you are our spokespeople for agriculture in Alaska. Don't walk away from this critical piece of infrastructure. Thank you.

Chair Edward Kern: Thanks, Rob. I move to the phone for a second. Is there anyone on the phone system that wishes to testify?

Boardmember Pete Alexion: Well, this is Pete. I don't want to testify, but I do have a concern regarding some of the comments made, which were all very good comments. May I interject?

Chair Edward Kern: I would like you to wait until the board comment section at the end, Pete, if possible.

Boardmember Pete Alexion: All right.

Chair Edward Kern: I would make one comment at this time. At our meeting yesterday, we got the final figures for last year in the -- that cash loss for the year was 142,099, so -- or \$99.00 so it is slightly different than what we had been hearing up until yesterday. Okay. Let's move on where I have -- Frank, do you want to say anything?

Frank Huffman: I think I better listen for.....

Chair Edward Kern: Okay. Doug Vollman.

Doug Vollman: My name is Doug Vollman. I'm the Kenny Lakes Soil and Water Conservation District manager, but I'm here to represent some of our meat producers in the Copper Valley. We have some concerns with the closure of Mt. McKinley Meats because it's the only legal kill facility for us, or the closest one. But I read your 2003 report and you mention that we had a facility. And we did have a facility up until last year. It was a custom exempt. Unfortunately, it experienced a fire and it's not currently operating.

So I urge the board to consider a different time line for closure at the very least. I personally think that -- I agree with a lot of the comments -- that the Department of Corrections and what they gain from this facility isn't fully taken into consideration and it should be. But I also think that the need for infrastructure throughout the state is really great and so if

you decide that this is going to be closed I think there should be a time line so that there will be a kill facility in place here. Not only here, but the Kenai and the Copper Valley and other areas of the state.

In the Copper Valley, we currently have an emerging hog producer that may be the biggest producer in the state right now. We also have dairy -- not dairy, but a number of cattle producers and some new goat production that -- meat production. And it's imperative that we have a place that we can get that USDA certification on our meats.

I think that also the Division of Ag needs to do more through the administration in getting meats into the school lunch program, local meats, and other products into all the state facilities. And I don't think enough has been done. That was in your own 2003 recommendations and I think that needs to be done to make Mt. McKinley Meats more feasible economically. So really, I think that we need to look at a bigger picture. The kill floor itself is a necessity. There may be other businesses that can do the cutting and wrapping, but that kill floor is extremely important right now. So I urge you to not close the facility right now until we have alternative facilities throughout the state. So thank everybody for your time.

Chair Edward Kern: Thanks, Doug. Appreciate the input from up there. I think Terry Van Wyhe.

Terry Van Wyhe: I'm just listening to -- I'm the hog producer from (indiscernible).

Chair Edward Kern: You're from that area, right? Okay.

Terry Van Wyhe: But you know, a lot of the farmers here invested their whole lives into a farm and I think that the state shouldn't pull the rug away from them now.

Chair Edward Kern: Is there anyone else on the phone that's.....

Milan Shipka: This is Milan Shipka. If I could say just a couple of words?

Chair Edward Kern: Okay, Milan.

Milan Shipka: Okay, I appreciate it. I -- you know, there's really nothing more than I can add to what other people have said. They've said it, I think, very, very well. As most of you know I work with livestock producers from different regions of the state. And as part of what I do is look at management and costs of function, costs of their business and to have to go elsewhere than the Mat-Su is definitely going to push people over the edge. It's going to push at least some people over the edge.

So you know, I know that we can't continue to lose money on that thing. I think the idea that corrections needs to start paying some share on that is something that, if it hasn't been looked into yet, really has to be pursued. All the functions of the facility have been mentioned ranging from 4H to serving the beef and dairy industry in the area, so I really can't say much more. So that's it. Thanks for a moment to speak.

Chair Edward Kern: Thanks, Milan. Anyone else on the phone?

Herb Simon: Yeah, this is Herb Simon from Nelchina.

Chair Edward Kern: Well, good morning, Herb.

Herb Simon: Good morning. It guess it's Ed Kern. It sounds like you.

Chair Edward Kern: It is.

Herb Simon: Okay. I have been sitting here listening and all your previous speakers have more or less stole my thunder and it isn't like this same problem hasn't been in existence for a long time. And I think that there's -- in the past there's been some efforts taken to shift some of the funding that fold into the operating costs of Mt. McKinley, for example, the rehab factor on the prisoners. I was talking with Doug before the conference and I don't think anybody come up with a figure and we have saved some souls over there. We've learned -- or we've taught people how to get up in the morning, brush their teeth, shine their boots and go to work and they've went out and got jobs. And that's worth something. It costs us 50,000 bucks a year to keep these people incarcerated. And we were -- so there is a value to the rehab factor of Mt. McKinley.

And the fact that the ARLF has been designated by the legislature as the bag to fund all agriculture activities, I don't feel is quite equitable because there's a lot of these expenses such as supporting 4H and FFA and all these other groups that costs money on the bottom line and there's no influx of funds to keep the thing going.

An hour ago, I was for, you know, looking at it from strictly from a business viewpoint that if it can't make money, shut her down. But it

appears that there's going to have to be some thought put into this before it is. And I would encourage the board and somebody with some political clout -- I -- Pete was on the phone. I presume that's Pete Fellman, is that correct?

Chair Edward Kern: No. That was Pete Alexion, a board member from North Pole.

Herb Simon: Oh, okay. I thought maybe -- is there anybody from the legislature there this morning, Ed?

Chair Edward Kern: Not that I'm aware of.

Herb Simon: Okay. I think that's the key to -- we got to put a dollar value on the services rendered by Mt. McKinley. And a producer goes in there, he pays for the services and the bottom line is money. So I think until some serious political delving is done and negotiation to get from corrections -- I know when Wally Roman was running the correctional industries, it seemed to be working pretty good. I don't know, correct me if I'm wrong. And there's been a political shift in the -- from the corrections side of the house. So I would encourage you to keep it open and try to find some alternate ways of funding the thing. Other than that, I'll let it go.

Chair Edward Kern: Thanks, Herb.

Herb Simon: All right.

Chair Edward Kern: Appreciate your comments. Okay. I think, William?

Boardmember Bill Burton: I just wanted to make a comment on he asked about a legislator here because Mark Neuman.....

Unidentified speaker: Was here yesterday.

Boardmember Bill Burton:was here yesterday day.....

Chair Edward Kern: Yeah.

Boardmember Bill Burton:and definitely supports agriculture and you can work with him for sure. I was impressed with the fact it was kind of refreshing. We had somebody come, the legislature is interested in agriculture as he was.

Chair Edward Kern: I have.....

Doug Vollman: Can I add something to that as far as legislators? I met with John Harris and Gene Therriault on last Sunday and neither of them were even aware of this. Now, whether, you know, this has been explained to all our legislators. But both their districts encompass the major agriculture producing area, Delta, and part of the Valley. So I did invite them to this hearing, but.....

Chair Edward Kern: Okay. That was Doug Vollman speaking for the record. Wayne Brost.

Wayne Brost: Thank you, Ed and BAC. I do -- I still want to change this three-minute rule. I'd like to change it right now. I came in a little late, but it looks to me like everybody's in favor. I haven't heard anybody say that they want this thing shut down tomorrow or next fall or whatever. So I hope that with the majority of the producers and the people

in the ag industry that the BAC board members take some consideration into the peoples' input here.

I'd like to say that Rob Wells reflected to Alaska being a quite unique environment. We're -- agriculture's miniscule up here in the total picture. But we're -- we are -- we do have some importance and Mark Neuman, I was encouraged by Mark Neuman's comments yesterday at the BAC board in that he's very -- he hopes to be very active and help and get some -- the crux of the problem is this funding, lack of funding. And when I hear the -- people -- or the word subsidies to farmers, it infuriates me because we're working on about 25 percent parity. And I've said this before many times. It's like candy or somebody else in here, the director taking 25 percent of what they'd make right now. And it's bull.

Ag is the one that's subsidizing the people that are eating these foods, and these meats and these dairy products and other products. So it's not a subsidy. They have to put some of these safety nets in place for ag because we take a hell of an investment. We take an investment to make -- see if it rains, we get a forage crop, on and on and on. It's huge capital investment with low return. And I hope that Frank Huffman can find some ways to cut this thing down. It looks to me like it's gone from some 300,000 to \$150,000.00 loss. Is there any ways that you can cut that down some more? Are there any ways you can trim back? I know they just -- one employee just moved out of there. It seems to me like there's ways to cut.

We're always told by Joe Van Treeck and the people that we sell our product to that we have to become more efficient. As our costs go up, we have to become more efficient. And I know Carol spoke to me yesterday about ways to try to market stuff. I know Carol markets a little different than we do because I think we have a different volume. In other words, it's pretty hard for me to set 600 gallons of milk in the refrigerator and sell to the neighbors. Number 1, I'm quite a ways away from population and number 2, that would be a little tough to do.

I think the guys at Mt. McKinley Meats have done a good job. The dairy industry -- we use them quite a bit. It would be real tough on us to see that plant go. We still have some grant money and we have a business plan as far as this processing plant goes for milk. And I would maybe make some suggestions and it's been brought forward by and to Mr. Neuman, the representative, and other people in the industry. The idea has occurred to us to maybe try to look for grant money. In that grant money that's left, to build maybe on the same site, not in the same building, but a complex that has a small milk processing plant and a small kill floor.

And I intend to talk to Doug McCollum who's built the Delta Meat & Sausage, which I think is a helluva good stereotype or an example of what a guy can be built. Keep in mind, Doug McCollum owned a concrete plant, which helped him in building this. But I think -- I'm encouraged by some of the models that have been just built in the industry. And that's

probably one of the better examples. That, and Littleman's, of course, has always been a good example as far as the processing industry.

And I encourage the BAC and the director to try to find ways to extend this, keeping the kill floor open. Have you had any private sector people step up and say, here, I've got a plan to take this over? My concern is that you're looking at that thing as a dollar sales to extend ARLF fund. And that's -- I hope that's not the case.

Chair Edward Kern: I appreciate the comments, Wayne. And I don't think the board in all of the discussions that I heard are looking at it totally from that standpoint. The comments that Larry made when we started out to try to make this thing work in the private sector so we can expand the meat industry is a key issue.

Wayne Brost: Has anybody expressed interest in either buying the plant or.....

Chair Edward Kern: I'm not sure. That -- I am (indiscernible) to the staff on that. And I think until we have an advertisement out there, we aren't going to know for sure.

Wayne Brost: Well, it's been rumbling around here for two or three years and.....

Chair Edward Kern: I know.

Wayne Brost:it's not a secret that, you know, that this thing may become available. It has -- it was available a couple years ago, is that right? Was it two years ago? And nobody stepped up to the plate. So I just

wondered. I was curious if anybody had expressed any interest or had any ideas.

Chair Edward Kern: Not that I'm aware of.

Wayne Brost: Thank you.

Chair Edward Kern: Okay. Okay. Lon?

Lon Hecimovich: I think everything's been said so far.

Chair Edward Kern: I'm going to let you say your last name too, because I have a terrible time with that name.

Lon Hecimovich: Hecimovich.

Chair Edward Kern: Hecimovich.

Lon Hecimovich: The thing -- I'm a small producer. I don't have a lot of money to wrap up into when I sell something off my place. If I wanted to go to a processing plant and I have to take it to Mt. McKinley, it's the only one I know that everybody knows that covers half the state. It's the only one that's large enough to cover 4H. When we go and sell and our animals -- if we close that plant, our animals will not have a place to go to be slaughtered. That auction will shut down. It's going to have a big impact on the fair. It's the number 2 draw to the fair, are the animals that we bring in there. Without that processing plant, we have no place to go process our animals. Most of those animals wind up in charity, so it's going to affect the charitable -- the charities in the area too.

It's going to have a big impact on what the fair does too because if it is the number 2 draw, there's going to be fewer people that want to go to

the fair. And if we lose that it's going -- it will lose the impact of the economy of the fair. I don't know all the costs that go into it. And I had some rough figures and I've heard other figures being thrown around. I think that it can become a profitable, or at least break even, type plant.

Right now, the corrections has their own plant or their own hog operation on Pt. MacKenzie. If they're not able to go and have a federal kill floor there, then they won't be able to go and sell that meat back into the state prison system. That will also increase our costs with the state prison system too. So I think for the small costs that we're putting into it right now, if it's \$150,000.00, that it's well worth it. We were -- we just had a meeting not too long ago about we can increase agriculture across the United States and within the state. To me, this would be a big detriment and it would be a closing door to get people into agriculture in this state.

Chair Edward Kern: Thanks, Lon.

Unidentified speaker: Mr. Kern, (indiscernible) first name?

Chair Edward Kern: Lon.

Unidentified speaker: Lon.

Chair Edward Kern: Is there anyone else on the phone system?

Okay.

Wayne Brost: Chairman Kern?

Chair Edward Kern: Wayne.

Wayne Brost: I was wondering if I could ask Frank Hoffman a couple quick questions. Is that.....

Chair Edward Kern: I'd prefer that you ask them direct to him and not in the public hearing. We're trying to listen to comments from the public here is the key. And we do have I guess you would call it a system for the employees to.....

Wayne Brost: Well, then maybe you know the answer to the question then.

Chair Edward Kern:get information to the staff.

Wayne Brost: I guess what my question then would be to you and that would be as suggestion to make this more economically viable, is it -- are the costs being charged to the public and to the 4H people so high right now that they can't be raised? In other words, is that one option there? If I, Joe Farmer, come in with a cow or somebody to be custom slaughtered or slaughtered there or 4H, could it go up 10 bucks a head and would that help to look at the numbers like that? I guess, where can I look at the numbers? I guess I can probably come to the director and get the numbers of animals killed and which ones were killed for the public.

Chair Edward Kern: Yeah, that information is all available here. It's in -- normally in our monthly packet of information, the kill numbers, and the income over there. That's all public information. Larry?

Director Larry DeVilbiss: We should point out that there are some handouts available that make a lot of those numbers available. This -- and random that I was reading some here earlier as the history. And you know,

major part of the problem is that the numbers have gone down very significantly in the last 10 years, the kill numbers.

Chair Edward Kern: Is there any other public comments?

Jim Crigger: Ed, I would like to talk.

Chair Edward Kern: Okay.

Jim Crigger: I'm Jim Crigger. I work at Mt. McKinley Meats. And I'm just going to throw out a bunch of numbers here because it's a -- I did hear recently there, we had a -- and let's just start with cost to the private sector at what it would cost that is not occurred in that plant, that if the private sector took it over, because the state's self-insured and stuff, is the building insurance, for the building, workmen's comp insurance, the taxes. So the building insurance is \$12,000.00, workmen's comp -- this is for a comparable business like the meat plant that I did some crunching numbers with some other private industries. And it's -- workmen's comp is \$31,000.00 a year, building insurance for the inventory is \$12,000.00 a year, taxes are about \$10,000.00 a year. It's for a like facility.

What we purchased at the meat plant to -- from other local owned wholesalers in the state was \$758,951.00 last year. Animals that was killed total last year was 1,190. Of those we purchased 429 and 761 of them were custom slaughter that we did for the citizens of the State of Alaska. That meat plant's located where the population is in the state. It is located in the Valley, right next to Anchorage, right next to Wasilla, right next to Palmer, which are agriculture and the population base people. It is

centralized to where the distribution of the product of that place can go throughout the whole state virtually.

Inmate workforce, I wanted to let you guys know, we have 16 inmates over there. Average \$1.10 an hour. It works out \$17.60 an hour per whole workforce, not counting the staff. A regular meat cutter in a like industry in the State of Alaska's average pay is \$19.75 an hour at one place and with insurance and everything in another place it's \$30.00 an hour.

Some other numbers I want to throw out real quick is corrections, which supplies our workforce and the majority of our sales, approximately 77 percent, out of 1.3 -- let me look -- \$1,351,120.09 they bought \$1,049,044.46, that's approximately 77 percent of all products purchased was purchased by corrections, state other -- other state entities meaning the forestry, military youth academy, so forth, so on. Wholesalers purchased -- that's other wholesalers that we support, be White Farms, Mat Valley Meats, Mike (indiscernible) so forth, so on, \$76,575.94, which is 6 percent of our gross sales.

Non-profit groups like Palmer Food Bank, Salvation Army, those kind of things, \$17,572.20. We benefit the people of the State of Alaska and cost very little for that benefit. And that's all I have to say.

Chair Edward Kern: Thanks, Jim. There are.....

Jim Crigger: And other wholesalers sent letters that just came too late and I'm not going to try to read them.

Chair Edward Kern: We'd appreciate if there's letters that they be submitted for the record, Jim. That would be appropriate.

Jim Crigger: These are from two local wholesalers and I'll give them Lora.

Chair Edward Kern: Okay. Is there anyone else on the phone? Okay, anyone else in the room that wishes to testify, make comments? We'll ask -- we'll give you another.....

Don Brainard: I'll have the last word, is that it?

Chair Edward Kern: Not necessarily, but.....

Don Brainard: My name is Don Brainard, once again, and my only comment is that everybody that I know sitting at this table was appointed by Frank Murkowski. Frank Murkowski received a lot of support, if not financial support, at least in the voting booth from the agricultural industry in this state and yet his board, his administration, has a plan on the table to take a blow -- to strike a blow at the agricultural industry in this state, a mere three weeks before the next gubernatorial election.

As a person that's kind of observed the political goings on in this state for a number of years, I kind of wonder how I'm supposed to read that. Does he simply not care about agriculture? Does he think we're not important enough, don't have enough votes out there to show any concern, or is he not going to run for re-election? Thank you.

Chair Edward Kern: Thanks, Don. Okay. I'll move to -- are there any specific board member comments?

Boardmember Pete Alexion: This is Pete.

Chair Edward Kern: Pete, go ahead.

Boardmember Pete Alexion: Thank you, sir. Speaking as a board member but not for the BAC, I think the term disposal is a bit harsh. The term should have been privatization. And I'm a firm believer in privatizing anything we possibly can as opposed to being under government control in any form or fashion. I, for one, don't want to see it simply go away just to get rid of a debt or a bad business deal. My preference on this is to whatever it takes to get it privatized and perform the same service that it is, if not more services, for a similar price to the producers.

But to flat dispose of it, I'm against that nor would I ever support such a motion in the board. I do want to see it privatized. I do want to see the services continue and I don't want to see anybody get hurt by a bad decision. Thank you, Mr. Chair.

Chair Edward Kern: Okay. Is there any other board comments at this time?

Bruce Willard: Yeah, I would make a comment as -- not as a board member.

Chair Edward Kern: As a member of the public?

Bruce Willard: Yeah.

Chair Edward Kern: Okay. It would be -- it's pointed out that due to a conflict of interest, Mr. Willard has not been involved in the voting or decision-making process with the BAC on this, this project.

Bruce Willard: Okay. Thank you. On the 4,000,000 that Larry kicked out there and costing the government, I have to go back to the fact that it was costing 350 to 450 a year to run that plant when it was under corrections. And now that's been cut significantly. And as it was pointed out yesterday, this other figure that we have of 144-something has still got the F's attached to it. It's not a set figure that we can really hang our hat on, although it does show that there is more expense involved than the 44,000.

And yes, I think that we are underestimating like we had the dog musher here. That's just one segment of how many more people are involved in this than that actually get showed on the paper. And I don't think we're even touching the tip of the iceberg on how much effect this would have across the state.

And the other thing is, as far as cutting the expenses and stuff and running that slaughterhouse -- and I'm not totally sure where all of this sets -- but maybe we need to have people that know more about the business, running the business than the ones that just step in and go around the outside and do make some of these decisions that, in some cases, are not always the best ones. I would like to see more expert, if you will, put into that. And yes, on my operation here if it was cut down -- I used to have an inspected slaughterhouse and then the inspectors decided that I didn't have enough alligator proofing in my slaughterhouse and we had to shut it down and bring it back to a custom -- the number of

animals that I slaughtered kind of drew their attention and they informed me that I better go with an inspected facility or they would shut me down.

And the other thing is, if we don't have any lending agency which you go to, if you don't have cash flow, or you can't show it, you're ain't going to get any money. That's the bottom line. So as far as anybody new coming in to the business or that sort of thing, as long as we have this thing hanging over our head that the slaughterhouse is going to be cut down six months from now, or a year from now or whatever, nobody is going to loan any money to these people to get started in the business, whether it's young or older or whatever. But at any rate, that's all I have to say for now. But if anybody wants to hash some of this over, I've been in this beef business since 1959 and kind of been through the ups and downs and the swings and know a little bit about the history. Thank you.

Chair Edward Kern: Okay, Bruce, appreciate that. Craig, did you want to make some comments?

Craig Trytten: Yeah.

Chair Edward Kern: The floor is yours. You've got three minutes.

Craig Trytten: How many board members have spoke yet?

Chair Edward Kern: Two.

Craig Trytten: Two.

Unidentified speaker: Mr. Kern?

Chair Edward Kern: Yes.

Unidentified speaker: I'm out here, when I could talk, let me know.

Chair Edward Kern: Okay. Okay.

Unidentified speaker: What was your last name?

Craig Trytten: Craig Trytten, Pt. MacKenzie dairyman. This has grave concerns for me. My son and I have a dairy operation at Pt. MacKenzie and we probably have amassed one of the largest if not the largest cow numbers on the rail belt. I owe a lot of money, but I don't owe you guys a dime, so that -- that helps you out. But this would be a very serious, serious thing if this thing closed. I can say that if it goes down, my cows will probably go before it is and then when one of your largest dairy producers too, then what are you going to do with Mat Maid too?

I think the meat plant -- I've been across the road with it, back and forth, and one of those times I didn't take animals there, or whatever, but it does do a service to the community. It does provide me with some hard goods. And with this place here, it provides paper shuffling. That provides product out there. I take an animal in and I come back with finished meat. And it does provide work training for the inmates. Some of those inmates over there working never even got up to go to a job. So we started a livestock producers co-op, I don't seven, eight years ago, or whatever. I think Ed you were here then. We had a lot of meetings, federal government put a lot of money in, there was a lot of people in this room that were at the meetings, on Anchorage, and whatever.

I was unanimously elected to the board. And we had amassed money and we had a lot of cattle numbers then. We had Wrigleys were in

the hog business, we had a lot of livestock and it doesn't work out. I'm seriously frustrated with this administration because his goal was to sell some land. I thought if we had more agricultural land sold we'd have some more farmers and we could have a critical mass to make this thing work. But it isn't looking good and I understand, you know, you got to cut costs, but we're really close. It isn't like in the old days when you were losing hundreds of thousands of dollars over there. I think right now, you're getting about as good as you can get without maybe some expertise, management, like you said, or whatever else.

I don't know what to say. But if this thing goes down, I don't even know whether there should be a Division of Agriculture then if we can't support this thing whenever -- if there's not a plan for somebody to take it and be an outlet for livestock. And I owe a lot of money, a lot, a lot, a lot of money for agriculture debt in this -- due to this livestock. If I up and left, what's the banker going to do with them cows? Have Pete all over them when he's shooting them out there? You know, you guys got to really think seriously what you're doing here so I'll end with that.

Chair Edward Kern: Thanks, Craig. I appreciate that. Who do we have on the phone?

Robert Shumaker: Yeah, thank you, Mr. Kern. Robert Shumaker.

Chair Edward Kern: Okay.

Robert Shumaker: And this will be brief if you got a second there.

Chair Edward Kern: We have at least three minutes.

Robert Shumaker: Okay. I'll be brief. Anyways, first of all, I want to say in one respect I applaud the division for looking at things within -- or functions that they control in managing their money and trying to figure out how to make things work. On the flip side, you know, this Mt. McKinley Meats has come up quite a few times over the years. And I guess globally -- and I say that to mean on the outside, we look at how we value things. It seems to me that we value things more for real estate than for natural resources. And I think that's the problem. Of course, as we need to start to looking at things natural resources. And I know the state -- the funding has not been there for the division so I believe that the real goal is to look for alternative ways to fund the division or to get more money coming in, and not to shut Mt. McKinley Meats down at this time.

And you know, there's been different producer groups that have tried to develop either a co-op or a meat co-op, something to end up taking the plant over and helping it function. Okay, so that's the future. How's the division -- and they've done lots -- I know they had -- they've done lots to help and I think -- so maybe how is not the word, but if they keep pushing that direction in the future they can move the slaughter plant to somewhere else if they want to do that. If it's -- I mean, before it used to be inefficient. It used to cost a lot of money. And I think you've done things for efficiency and I think you've done things on the cost.

And so I don't really have an answer for you, but I'm not sure that closing the plant is the viable alternative for this area. So I hope that at

this time you guys will keep it open. And you know, I applaud you. Keep looking in directions to come up with some efficiencies within your organization, but maybe they're -- they need to be (indiscernible). Thank you for your time.

Chair Edward Kern: Thanks, Bob.

Robert Shumaker: Yeah. Bye-bye.

Herb Simon: Ed?

Chair Edward Kern: Yes. Did I hear someone on the phone?

Herb Simon: Yeah. This is Herb up at Nelchina again. If I may?

Chair Edward Kern: Go ahead. I haven't heard from you in a long time.

Herb Simon: Well, I was on about 15, 20 minutes ago, but -- but anyway, you know, sitting here listening to this, I just had a brainstorm or whatever from the other end, whatever. But you recall there might be a way out of this thing from a fiscal viewpoint. Remember eons ago when all of us were up to our ears in alligators with debt and everything and the state came out with a production credit deal. And that was credited against interest owed to the state. Do you remember that?

Chair Edward Kern: Yes.

Herb Simon: You know, why don't the Board of Agriculture come up with a scheme where we get production credits or we award production credits for the plant such as like, you know, Jim Crigger amazed me with some of the figures that he passed out after I testified. But all of this, if you

guys come up with a scheme -- and gals, I guess. I don't know. Come up with a production credit scheme for the slaughterhouse, in other words, that would amount to the subsidy value of what the slaughterhouse does for the general public. You get my drift?

Chair Edward Kern: I get your ideas. It's a matter where does the dollars come for funding.

Herb Simon: Well, the dollars would come from more -- it's a legislative deal and that that would be kickback funds into the ARLF since the ARLF is bankrolling the slaughterhouse. Because the legislature handles general funds and when you look at the scope of the public interest here and all the various areas in the public that are serviced by Mt. McKinley, that's worth something. And that may be an easy way to cash in on it. So I'll let you go with that. You guys got a lot of problems, but there's another one for you to work on or at least consider.

Chair Edward Kern: Thanks, Herb.

Herb Simon: Catch you later. Bye.

Chair Edward Kern: Okay. Anyone else on the phone system?

Kristan Fry: I am. Kristan Fry.

Chair Edward Kern: Okay. Go ahead, Kristan.

Kristan Fry: I just wanted to raise my voice in support of keeping the McKinley Meats open at least for a limited time, maybe at fair time. We've been in the Valley for only five years. This is the first year my son has participated in 4H and he did a livestock project. Never did anything

like that before, never owned livestock before. Very, very powerful project for him. Fifteen years old, all of a sudden he had a really great experience raising this animal, and then going through the 4H process of auctioning it and then going through the slaughterhouse process. And it was very positive and truly we couldn't have done it without having McKinley Meats there to, you know, allow the basic support for just basic needs to do that. I mean, yeah, he can buy the feed, we can buy the animal, but I mean, if there was not that facility, you know, the final -- the final, important thing would not be available. We would not be able to do that kind of a project. So I'm just -- I don't know all the issues, I don't know what's involved, but just as a member of the community and just my limited experience with it, I think for a farming community with such a strong 4H (indiscernible) 400 kids this years that did a livestock project. And they would all be individually devastated if they couldn't do -- I don't know if they'd all be devastated if they couldn't do a livestock project, but I know it would sure affect life around here. So thank you.

Chair Edward Kern: Thank you, Kristan. Did you get that?

Lora Haralson: Yes.

Chair Edward Kern: Anyone else on the phone system? Bill, did you have any comments at this time?

Boardmember Bill Burton: Well, I'd just kind of feel like I go -- I think a lot of these people -- I think if you do do away with the slaughter plant there and nobody steps up to the plate to take it over, then I think

it's going to have a big affect on agricultural -- total agricultural community in Alaska. It won't affect us in Kodiak. We're -- we have our own slaughter plant and I'm a rancher; I raise cattle. And -- but I know the necessity of having one. I mean you got to have one.

And these people that have animals, you're going to -- it's going to be a big detriment to the livestock industry. There's got to be somebody to take up the slack. If it's done away with -- I don't think it should be just flat done away with. I think there ought to be something. If it can't be taken over by a commercial use or something well, then there should be some way that the state should be able to keep it in operation.

Chair Edward Kern: Okay. Carrol, did you have any comments?

Boardmember Carrol Martin: I better say something, hadn't I?

Chair Edward Kern: No, you don't have to say anything.

Boardmember Carrol Martin: You know, I think most people here probably know that my wife and I started the 4H program in Palmer 30-some years ago. And it's kind of interesting, I think, that the very first year that the plant operated it wasn't open in time for the slaughtering of the 4H animals, at Ninilchik or at Palmer because of delays in construction. And Donatello bought my son's grand champion steer at the Palmer fair and held it for six weeks at Hamilton's dairy pasture with his (indiscernible) heifers and the steer was raised by Bruce Willard. And so Bruce and I had the first animal that was ever slaughtered through Mt. McKinley Meat.

And it was utility grade because it chased (indiscernible) heifers around the pasture for six weeks before they finally butchered it.

But my oldest son had the first ever grand champion steer at the Palmer fair. Three years ago, my granddaughter had the grand champion steer at the Ninilchik fair and it was a direct descendant of the 4H projects that I had in Colorado that I brought up on the tug boat and the barge. So I appreciate how important 4H is and animals in Alaska are to kids. And that's absolutely unquestionable.

But for us on the peninsula, 4H animals create a little complex problem because when you throw -- I just brought 36 hogs up in a big trailer to be slaughtered and you put 36 unfriendly hogs together that don't know each other.....

Unidentified speaker: They grew up together, but they.....

Boardmember Carrol Martin: No, they -- well, they started out over there. They forgot who they were and by the time they got up here and finally got slaughtered some of them had beat on each other pretty good. And see, I'm a butcher by trade. I got 22 of them back and I cut and wrapped 22 of them. So do I know both ends of the deal? I have never paid to have an animal slaughtered at Mt. McKinley Meat but I've had a lot of animals slaughtered at Mt. McKinley Meat and I have butchered hundreds of them. And when we didn't have the slaughterhouse, DEC actually gave us a permit to slaughter 39 animals on the fairgrounds

Sunday afternoon or Monday morning after the fair closed the year that Mt. McKinley Meat was delayed opening, see.

And they didn't ever get a thing going in Fairbanks. They had to come down here for years. Finally, they got two smaller, private ones up there going that do a quality job. Some of our animals went to Delta this year to get slaughtered from Ninilchik. Think about that. And cut and wrapped up there. And so the quality for 4H animals, I would really -- and we've tried really hard to get the animals right to the plant, have them slaughtered immediately. We truck them at night because if they stay another 48 hours in the pen fighting each other, then you get dark cutters and you get actual fluid and bruises on them that's just unnecessary. You know, so we really need a small slaughterhouse real close to us.

And if -- in my tour around the country just this past month all over Texas and the next -- or Colorado or whatever, you know, those big feed lots have the slaughterhouse next door. Quality is really, really enhanced by not having to truck or train animals long distance like they used to. And there's a good reason for it. So -- and afterwards, more time, anybody have any questions, you know, I slaughter my own, I milk my own cows, I sell my own, but I can't do it to a retail outlet. And so of all the 4H animals -- I just got through doing a bunch of them for Arctic Winter Games. I cut and wrapped them for Arctic Winter Games in the school district's approved kitchen. So that the cooks could be a part of the cutting because they're going to be the ones that's cooking it. So they want to know exactly how to

do it. So there's lots of ways to make this transition. It's not going to be easy, but to get it privatized is going to be better for everybody in the long run.

Chair Edward Kern: I didn't know we -- we should charge you for advertising there, Carrol, but we appreciate your comments.

Boardmember Carrol Martin: Yeah, if anybody have any more questions in depth, you know, about experiences over the last years, man, oh, man, I have slaughtered animals out of -- I have butchered animals out of Mt. McKinley Meat by the dozens every year that they've been in existence.

Chair Edward Kern: Okay. Anyone else on the phone system? Do you have another comment, Bill?

Boardmember Bill Burton: We have a co-op slaughterhouse in Kodiak. And of course that would be an answer if you get a co-op, if they could take over this. But we do our own slaughtering and butchering. I have to say. And I've done a hell of a lot of beef there through -- over the years. But the average producer doesn't have time to do stuff like that and we really need a commercial operation to be able to be able to take the animals to. And without one, the livestock industry, including dairy industry, is going to be in big, big trouble. And I think you're going to see a decline in producers and I think you're going to see -- it's going to take years for it to recover if there isn't something ongoing as a slaughter plant here. So it's just my feeling. I'm -- again, I'm not connected with this

whatsoever, but I could see there's going to be a real big problem for the agricultural industry in Alaska.

Chair Edward Kern: Okay. We've heard a number of comments and I guess as almost expected they would all be in favor of keeping it open. I think that the issue and I guess the staff is going to have to look at this, what's the impact on serving the ARLF clients, what's the impact on the dairy industry. There's some more answers there yet. The 4H and FFA, I know there's a concern there over at the state fair. And do we keep operating this as a public utility, that's an issue I think that the staff and -- is going to have to discuss with the legislature. And it's going to be up to all of the producers and interested parties to work with the legislature if we're going to find -- I think funding's the key issue. We're going -- if we can't get this thing in the private hands, and rebalance and diversify the industry -- there's -- private industry is just not going to do it as long as the state's sitting out here running that plant. Nobody's going to step up, I don't think.

Unidentified speaker: It's a cost thing.

Chair Edward Kern: It is a cost thing and some action, I feel is needed if we're going to create any change in this industry as mentioned earlier by Larry. And we appreciate the comments that are made. We know we've got a tough issue here. We're not going to walk away from it in my mind until we have an answer and we're going to encourage the staff to continue to work to make this thing either viable privately or if not, how

does the state operate it without so much cost. I'd like to thank everyone for their time and comments.

Boardmember Bill Burton: I need to make one more comment.

Chair Edward Kern: One more comment.

Boardmember Bill Burton: It had to do with what I was talking about on the cutting the cost and that sort of thing as far as the building and expertise in it. I did not -- was not talking to the slaughtering and the cutting and the wrapping of this operation. These guys that are in there, (indiscernible), Jim and Frank have done a fabulous job in there working with them prisoners and that sort of thing. It would be way over my head to get in that. Most of the costs on this slaughterhouse have been on the facility type thing. And that's where I'm talking about we need people that maybe have more experience in building and that sort of thing, what needs to be done with the building, how things should be taken care of there, what days we're open, closed, whatever. It needs to come with -- from people that are familiar with what really goes on in the business.

Chair Edward Kern: Okay. And once again, I think it would be a lot easier to accomplish those things in the private sector than it is as a state operated facility. And that's always since the -- we took that thing over in 1985. It's a state operated facility and it's definitely different than private industry in all cases. We've got to always realize that.

Boardmember Bill Burton: Well, I think everybody here realizes the fact that private industry would be the best scenario in it, but closing it now would not be -- it has to be in place before we close it.

Chair Edward Kern: Okay. Larry, do you have anything else to say at this time?

Director Larry DeVilbiss: No, not really. We have a lot of think about.

Chair Edward Kern: Do you feel we've got enough comments for you to work on for a while?

Director Larry DeVilbiss: You bet.

Chair Edward Kern: Okay. Appreciate that. We appreciate everyone coming today and we're going to continue to work on this, guaranty you that. And keep in contact and look at the information that's available, check at the division here for the numbers so you get a feel for what is going on over there. I know many of you use it, talk to Frank on a regular basis, know that end of it. But since the division has taken it over, we've got a little better feel for the costs from our standpoint, which we never did know for sure cleanly with the corrections, with the two agencies involved. So there are some better numbers to look at and we look forward to working this thing out. Thanks for your attention.

(Off record)

Chair Edward Kern: Yeah, this is Ed Kern, the chairman. Go ahead with your comment. State your name and.....

Kristan Fry: Yes, my name is Kristan Fry. I just called a few minutes ago.

Chair Edward Kern: Oh, okay.

Kristan Fry: And I was thinking about my numbers when I was talking to you and remembered them incorrectly. And so I did a little research after the fact and I apologize I didn't do it before the fact. But roughly, 74 kids sold animals. I said 400 were involved and my numbers were totally off. But 74 kids did -- that's a rough figure. We're probably off by, you know, three, four. But just wanted to make sure that that was corrected.

Chair Edward Kern: Okay.

Kristan Fry: That's the number of people we had involved from the local community. That when I called to get these numbers, she also brought to my attention that Kenai and Nikiski also bring their animals here for slaughtering. They don't have (indiscernible). Thanks.

Chair Edward Kern: Well, thanks, Kristan.

Kristan Fry: Bye.

(Off record)

END OF PUBLIC HEARING