

REQUEST FOR PROPOSALS

FOR

LEASE WITH OPTION TO PURCHASE

MT. MCKINLEY MEAT AND SAUSAGE

PALMER, ALASKA

ISSUANCE DATE October 25, 2002

Deadline for receipt of proposals: 3:00 PM, November 25, 2002
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

www.state.ak.us



BAC RFP # 02-4

**Mt. McKinley Meat and Sausage
BAC RFP # 02-4
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**MT. MCKINLEY MEAT and SAUSAGE
BAC RFP # 02-4**

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 persons, firms, partnerships and corporations to lease and operate, with purchase option, Mt. McKinley Meat and Sausage (MMMS). 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 operated by 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 MMMS in terms of availability to livestock producers, capacity and location. MMMS annually slaughters and processes significantly more domesticated livestock than the other facilities. It is the primary market for cull dairy animals statewide.

The BAC is considering returning 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 MMMS continue 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 is being offered under a five-year lease, with option to lease for an additional five years at mutually agreeable terms. A purchase option will be available to the lessee at the end of the first five-year period or at any time during the second five-year lease period. A minimum lease rate of \$1.00 per year has been set for the facility. Award will be based on the evaluation criteria contained in the RFP.

The property and improvements 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. This offer is 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 service.

1.3 Lease Terms

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

- A. the lease is for five years, option to lease for additional five years, purchase option at the end of the first lease period or during the second five-year period;
- B. the minimum lease amount is \$1.00 per year;
- 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. lease is non-transferable;
- F. a security deposit of \$2,500 is required at lease execution.

1.4 Purchase Option

The lessee may submit a written request to the BAC to purchase the facility at the end of the first five years or at any time during the second five-year period. 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: Robert Wells, Director
PHONE: (907) 745-7200 FAX (907) 745-7112
E-mail: Robert_Wells@dnr.state.ak.us

1.6 Pre-proposal Conference

The Division of Agriculture will conduct a pre-proposal conference at 9:00 AM November 13, 2002 at the Division of Agriculture office in Palmer. All potential offerors or agents **must physically** attend the pre-proposal conference. The Division of Agriculture will reject a proposal if no representative of that offeror attends the pre-proposal conference. **If no one attends the pre-proposal conference the RFP offer will be canceled at the BAC's discretion.** Division of Agriculture personnel will conduct the conference, provide a general overview of the offering, take comments and provide a tour of the MMMS facility.

1.7 Competitive Integrity

The Division of Agriculture seeks to maintain a competitive environment for potential proposers to protect the integrity of the proposal process. The project manager is the only authorized executive branch official with whom a potential offeror, or agent, may have contact concerning solicitation of this RFP. All inquiries regarding this RFP, including property inspection requests, must be directed to the project manager.

An appraisal report for the facility and other pertinent documents may be reviewed at Division of Agriculture offices in Palmer, 1800 Glenn Hwy, Suite 12, and Fairbanks, 3700 Airport Way, and at the Anchorage Public Information Center located at 550 W. 7th Ave., Suite 1260. Other than the project manager, state personnel at these locations cannot answer questions about the documents or RFP.

After the pre-proposal conference, each potential offeror, or agent, who desires to submit any comment or request for information to the project manager must do so in writing by November 15, 2002.

1.8 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 November 15, 2002 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.

1.9 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 State of Alaska web site <www.state.ak.us>.

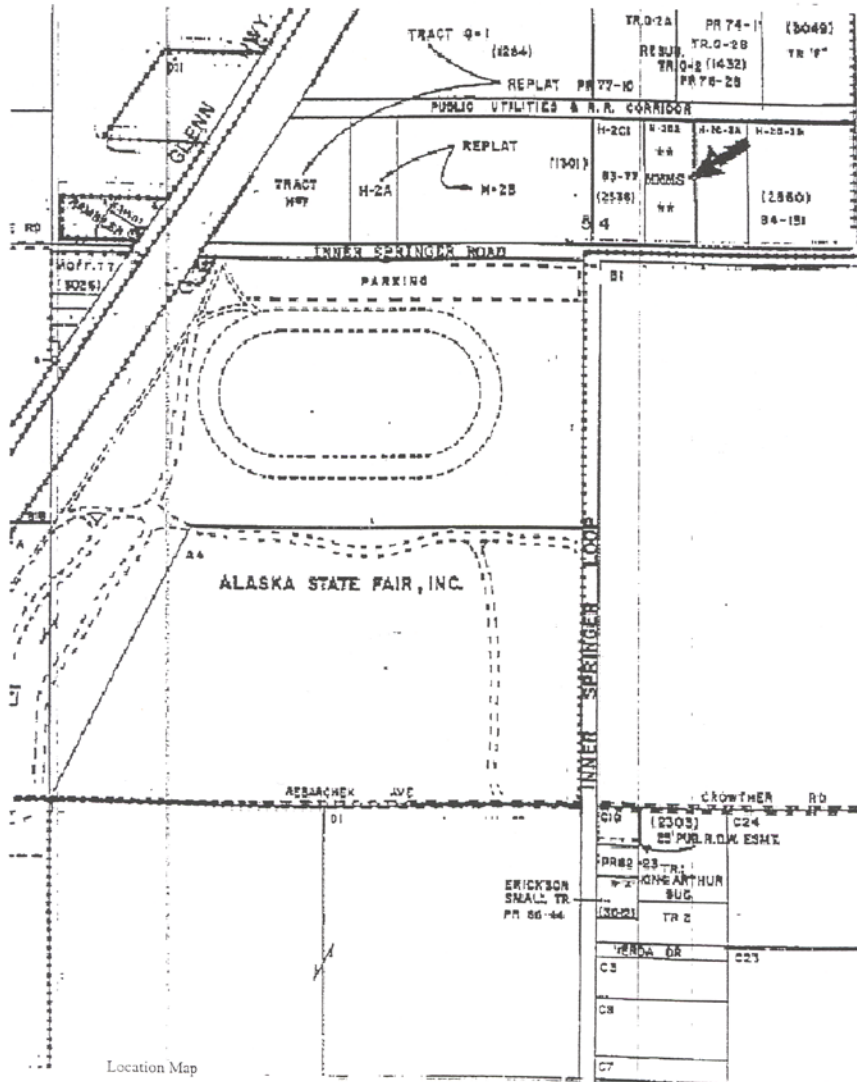
1.9(A) Americans with Disabilities Act

The State of Alaska complies with Title II of the Americans with Disabilities Act of 1990. Individuals with disabilities who need special accommodations 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 November 6, 2002.

2.0 PROPERTY PROFILE
Mt McKinley Meat and Sausage

Minimum Lease Rate:	\$1.00 per year
May 12, 2000 Appraisal:	\$750,000. The appraisal is available at Division of Agriculture offices, Palmer and Fairbanks, Anchorage Public Information Center
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 Road
Financing Terms:	May apply for ARLF loans subject to standard loan process. No guarantee of installment purchase contract financing.
Inspection Contact:	Robert Wells, Division of Agriculture, (907) 745-7200 E-mail <Robert_Wells@dnr.state.ak.us>
Information/Photos	Division of Agriculture, Palmer

Location Map



2.1 Facility History

The Agricultural Action Council through an appropriation from the Alaska Legislature financed the construction of MMMS in the early 1980s. MMMS was privately operated from 1983 until 1985. The facility was repossessed 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, MMMS was reopened for operation in December of 1986. The Department of Corrections is currently operating MMMS as a work and training facility. MMMS is one of two slaughter plants on mainland Alaska able to sell to retail markets and is by far the largest current processor of Alaska produced livestock.

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 four state employees – a business manager/program coordinator, a kill floor manager, HACCP Officer and a Department of Corrections guard. Inmates working in the plant may range in number from 15 to 27, depending on the availability of inmates with the appropriate security clearance and the level of slaughter activity. Currently, the Division of Agriculture provides meat grading and the USDA provides meat inspection.

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 Kodiak Island and neighboring islands, as well as the Aleutian Chain.

MMMS produces a wide range of beef, pork and sausage products. Under the advisement of the Corrections Industries Commission, the products are marketed to institutional entities, as well as private businesses. MMMS is currently a sole source provider to some State institutional markets. A private operator would have to compete for these markets, but would qualify for the Alaska preference in bids on State purchase contracts.

2.3 Annual Activity and Operational Costs

Information provided by the Department of Corrections concerning recent plant activity and plant operating costs may be found in the Appraisal Report.

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 offeror.

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 3:00 PM, November 25, 2002. 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 award the lease.

5.0 PROPOSAL EVALUATION and AWARD

A review committee appointed by the BAC will evaluate proposals. Each committee member will independently review and score each proposal based on the following criteria and weightings. The committee will then make a recommendation to the BAC.

5.1 Evaluation Criteria

A. **Transmittal Letter:** Offerors must include a letter of transmittal containing the following:

- (1) 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 authorized to commit the offeror to the provisions of the proposal; and,
- (4) authority to act if the individual signing is representing a corporation, partnership, LLC or similar entity.

B. **Operating Plan and Budget: 30%**

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) pricing and payment plans, including mechanisms to meet the USDA 72-hour payment requirement;
- (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.

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: 30%**

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: 25%

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: 15%

A \$1.00 per year minimum lease rate has been set. Evaluation will be based on the highest dollar amount offered above the \$1.00 minimum.

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 Evaluation Committee and BAC reserve the right to interview offerors. The interviews will be scheduled at the convenience of the Committee and BAC.

5.3 Notice of Intent to Award

After completion of the evaluation process described in **5.0**, the BAC will issue a written Notice of Intent to Award, if any proposal is selected.

5.4 Award

The Department of Corrections currently operates this facility 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

_____ being first duly sworn, state(s) the following:

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 # 02-4.
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 # 02-1.
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, is not in default of any obligation to the State, 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.

If the proposer is a partnership or joint venture, all general partners or venturers of the joint venture must sign. If the offeror is a corporation, a signature of one or more authorized representatives as required to obligate the corporation is provided along with the corporate resolution evidencing authorization..

(Corporate Seal if a Corporation)

Name of offeror

Signature

Signature

Title

Title

Signature

Signature

Title

Title

Signature

Signature

Title

Title

NOTORIZE (copy and attach additional acknowledgement sheets as needed)

ACKNOWLEDGMENT

STATE OF _____)
)SS.
_____)
(Judicial District or County)

THIS IS TO CERTIFY that on this _____ day of _____, 2002, personally appeared _____, known to me to be the person named in and who executed the foregoing instrument, and who acknowledged before me that the foregoing instrument was freely and voluntarily executed with full authority for the uses and purposes set forth.

Notary Public in and for: _____

My Commission Expires: _____

ACKNOWLEDGMENT

STATE of _____)
)SS.
)
(Judicial District or County)

THIS IS TO CERTIFY that on this _____ day of _____, 2002,
personally appeared _____, known to me
to be the person named in and who executed the foregoing instrument, and who
acknowledged before me that the foregoing instrument was freely and voluntarily
executed with full authority for the uses and purpose set forth.

Notary Public in and for: _____

My Commission Expires: _____

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

TONY KNOWLES, GOVERNOR

**DIVISION OF AGRICULTURE
1800 Glenn Highway, Suite 12
Palmer, Alaska 99645-6736
PHONE: (907) 745-7200
FAX: (907) 745-7112**

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 and will be used by the State for the sole purpose of evaluating a proposal that I have submitted to ARLF for ARLF Sale # 02-04.

Signature of Proposer

Date

Printed Name

Signature of Proposer

Date

Printed Name

Signature of Proposer

Date

Printed Name

Signature of Proposer

Date

Printed Name