

Alaska State House Representative:

Mr Feige:

As per our conversation, the other day, and viewing the e-mail that was forwarded to me by Jim Clark, owner of Echo Lake Meats, I would like to put in writing my thoughts of the future of Mt. McKinley Meats.

As we all know the state run slaughterhouse in Palmer has cost the state millions of dollars over the years to keep running. Some would say that it is a necessary function that must be continued for the ability of processors and private individuals to have a USDA stamp attached to meat raised and slaughtered in state used for resale. This is the only argument I agree on in relation to the reasons that we must keep it open.

There are arguments that producers will not have anywhere to get there animals processed. That is false. There are plenty of options, however private industry cannot compete on the same level, offer the same services, or customer service that the slaughterhouse can at the prices they charge, and for good reason. The total payroll for the entire inmate crew is most likely less than what I pay for one general labor worker, adding in workers comp, liability insurance, unemployment insurance, and payroll taxes. I'm pretty sure that the slaughter house doesn't have to contend with property taxes, accounting fees, ect. My point is that in business, your biggest controllable expense is labor. They have plenty of that at nil for expense! If I had that, and was operating continually at a loss, I would have to raise my prices. Also, other services are given to customers for no charge (storing of finished product for no fee). I cannot compete with an entity that can do the service at a price that results in a loss.

This will lead to the next argument that the slaughterhouse operates at a loss because it is so big, and was not designed for the small amount of animals that are going through it. I would contend that the management engages in "busywork". Activities that generate nothing but sales that produce no margin to keep the inmates busy. This "busywork" has an associated cost attached to it (gas, electricity, fuel for vehicles, supplies, etc. By just "doing something", it creates work for the inmates, but the busywork has created a clientele that expects these items year around. When the busy season rolls around (August – January), the place is booked for 3 months out. I contend that if the justification for keeping the place open and losing money in the process is to provide the slaughter of animals under USDA inspections, then slaughter the animals. There is no reason that a plant that was designed to slaughter 30,000 animals a year, and is doing 600-1000, at a justified loss, should not have a 3 month waiting period, especially when they have a nearly free labor pool.

And this leads me to another familiar argument. We are giving inmates a valuable trade, and it justifies the cost. I personally do not know any meat cutters that have graduated from there working in the industry. That is not to say there isn't. I would venture to say that it is in the fraction of a percent range for those using the skills they learn in future employment. By the way, kill floor wages are usually in the

minimum wage category. They may learn the fundamentals of meat cutting, but it will not land them a good paying job.

This may seem a harsh criticism of the operations, without solutions. I don't claim to have any silver bullet to resolve the problem. In the defense of management at the slaughterhouse, they are not allowed to do the things that could make the operations profitable due to the fact that they would be infringing on private business opportunities. I know what I would do if I ran it. Some of these things I could do now if I had USDA inspection. There is a disincentive to move in that direction, because I cannot compete with the prices the slaughterhouse charges to do the same work. Additionally, I cannot buy local animals for the price that the slaughterhouse pays for them. The system in place simply decides the winners and losers in what should be a free market.

I would support the curtailing of operations at the slaughterhouse to that of simply killing and hanging under USDA inspection. This would open up some more of the market that would inevitably be filled by private industry, and move closer to the point of private industry taking over the slaughtering operations as well. There has already been some talk of a processor cooperative forming to handle the unique needs of our industry. This cooperative may be interested in taking on the slaughter operations in the future.

There will be considerable pushback by some people, but I guarantee that those are who currently are getting a sweetheart deal on processing, packaging, labelling, and storing of their products.

In conclusion, I would like to say that Mat Valley Meats, for the past many years has endeavored to promote local raised livestock and livestock products to the Anchorage and Matanuska-Susitna Valley consumers. There is a real desire to buy local these days. In order for this to happen, a consistent flow of livestock has to be raised and slaughtered. I was surprised to find out that only 600 animals were slaughtered at Mt. McKinley last year. If that is true, about ¼ of those animals made it into my building. It would have most likely been more if they didn't charge so much less to process than I do. Additionally, it would have been more if we could have gotten the animals in to slaughter when the waiting list was 2-3 months out. I lost a lot of sales because of that. When people are ready to buy, they do not wait 2-3 months. They just go to Costco. So, you see, I have a vested interest in the decisions that will be made in regards to the future of the meat plant. My business is not contingent the USDA slaughter, for I can easily source meat from out of state. However, I do think the State of Alaska should be in the business of finding ways to produce its own food, and the current system is really not helping that situation. I do know that it cannot continue on with the status quo. It only really benefits a select few.

Regards

Nate Burris

Owner, Mat Valley Meats