



**DELTA COUNTY ECONOMIC DEVELOPMENT, INC.
REQUEST FOR PROPOSALS
FEASIBILITY STUDY FOR DELTA TIMBER COMPANY
DELTA, COLORADO**

Purpose of Request for Proposal: Delta County Economic Development, Inc., in conjunction with Delta Timber Company and the United States Department of Agriculture Rural Development, is requesting a formal feasibility study to examine the Delta Timber Company operations in Delta, Colorado, and to determine the sustainability of the current operations with the potential for added markets. The study will address the following areas: economic feasibility, market feasibility, technical feasibility, financial feasibility, and management feasibility. This study will look at specific criteria outlined below in the Project Scope.

Within the context of this study, the consultant will be required to become familiar with the industry and Delta Timber's situation through meetings with the Delta Timber President, Eric Sorenson, and Delta County Economic Development, Inc. (DCED) Project Manager, Ed Marston. Reference documents will include research conducted by Delta Timber and Delta County Economic Development, Inc.

Background Information: Delta Timber Company employs 35 people on 15 acres of land east of the City of Delta in rural Delta County (pop. 30,719). Since its founding in 1990, Delta Timber has mainly processed aspen trees into tongue and groove boards for the housing market. Those trees come off the nearby private and national forest lands. A key part of Delta Timber's financial stability has been the selling of wood that could not be turned into housing material. First selling to Louisiana-Pacific (L-P) for oriented strand board and when the Louisiana-Pacific plant closed, Delta Timber sold to Western Excelsior in Mancos, CO, to be turned into excelsior.

Now Delta Timber has been caught in a difficult economic situation. The sharp decline of the housing market has drastically reduced demand for its sawed and planed boards. In addition, the onset of the disease known as Sudden Aspen Decline (SAD) has provided Western Excelsior with enough local aspen trees to harvest so that it will end its purchases of Delta Timber's unusable aspen logs in December 2010. This will leave Delta Timber with approximately \$60,000 worth of aspen logs it had intended to ship to Western Excelsior.

In addition, over the next two years, Delta Timber is committed to harvest three Forest Service timber contracts that require Delta Timber to harvest both saw logs and trees that can only be used for byproducts such as excelsior.

Project Scope:

As Delta Timber Company is exploring ways to adapt to these changes in the timber industry, the feasibility study must meet the criteria for submission to USDA Rural Development programs as outlined below. The feasibility study will include the following:

- Economic Feasibility: Study the overall economic impact relating to Delta Timber's current operation including but not limited to: site location, labor, road service/access considerations, and utilities/infrastructure, and energy efficiency.
- Market Feasibility: Study information on the sales organization and management, nature and extent of market and market area, and the addition of the following markets. A central question is whether Delta Timber, by working with additional value-added markets, can be competitive in these markets and add to their future sustainability. Delta Timber has conceived of and begun preliminary evaluation of the following areas of possible diversification:
 1. Wood Products used in the shipping industry: Producing boards that will be shipped unassembled (saving on freight costs) to be later made into pallets. Pallets are used in the shipping of food and other products. They are a resource possibility for Delta Timber because they require short, rough (un-planed) boards that can be made out of the short, rough logs that previously have gone to L-P and Western Excelsior. The major markets for pallets are in distant cities.
 2. An Excelsior Mill: Excelsior mills shave by-product logs into excelsior for use in swamp cooler pads and erosion control products such as the roll wattles we see used in the construction of new roads.
 3. Pellet Mill: A pellet mill to use the by-product logs to supply the home-heating market.
 4. Wood Products for biomass fuels: The usage of beetle kill lumber and other leftover materials to be used for biomass fuels.
- Technical Feasibility: This shall be prepared by individuals who have previous experience in the design and analysis of similar facilities or processes relating to the timber industry. The report shall also identify and estimate project operating and development costs.
- Financial Feasibility: An assessment of the reliability of the financial projections and the ability of the business to achieve the projected income and cash flow.
- Management Feasibility: Evaluate the continuity and adequacy of management.

Submittal Information: A pre-proposal meeting is mandatory with the DCED Project Manager before submitting a proposal by September 17, 2010. Meeting date options are explained below listed in the Project Outline.

Consulting firms interested in being considered for this project should send the following information to: Delta County Economic Development, Inc., PO Box 627, Delta CO, 81416, and electronically to kristin@deltacountyed.org

Please include the following in the proposal: (No more than 20 pages, excluding resumes)

1. Scope of work with description and breakdown of tasks, deliverables, and timeline.
2. Proposed process for accomplishing the tasks.
3. Contact information: Name of contact person, address, and phone number of the consulting firm:
4. Form of organization: Whether the firm is a partnership, corporation, or sole proprietorship, where the firm is organized, and the names of principles, officers, and directors of the firm:
5. Key personnel: Names of key personnel, their respective titles, experience, and qualifications;
6. Statement of Qualifications: Proposals should include a concise statement of philosophy and approach to the project. The consultant should summarize his/her ability to provide the requested services.
7. Availability: A brief statement of the availability of key personnel of the firm to undertake the proposed project;
8. Project list: List of similar projects completed by firm;
9. An estimate of costs and a breakdown of hourly rates. DCED requires a contract based upon time and expenses with a stated maximum for proper completion of the work; and
10. References: Names and telephone numbers of persons whom DCED can call for references regarding the firm's past performance, preferably on similar projects.

DCED Project Outline:

Mandatory Pre-Proposal Meeting: 1:00 p.m., Wednesday, August 18, 2010 or
1:00 p.m., Friday, August 20th, 2010
300 Stafford Lane, Delta, CO 81416
*Meet in 2nd floor conference room of the
Shoppes at Delta, South Entrance
(above Aaron's Furniture Store)
A tour of the Delta Timber facility will follow*

Contact DCED for questions and directions or if you are unable to make either of these dates and need to make special arrangements.

970-874-4992 or kristin@deltacountyed.org

Proposal Due Date:	September 17, 2010 by 5:00 p.m.
Consultant Hiring Date:	September 27, 2010
Completed Study Date:	January 15, 2011
Review period:	January 15-30, 2011
USDA Completion Date:	February 1, 2011

Selection: The following criteria will be used in the selection of a consultant. These are guidelines and are not meant to be all-inclusive. Demonstrate insight, practical experience, technical knowledge and understanding of the markets specifically relating to the timber industry, and the ability to perform in a timely manner is the basis for selection. Interviews may be performed if needed to better assess each firm's ability to perform the tasks as written.

This Request for Proposal does not commit Delta County Economic Development, Inc. to award a contract, nor to pay any costs incurred in the preparation and submission of proposals in anticipation of a contract. DCED reserves the right to accept or reject any or all proposals received as a result of the request, to negotiate with all qualified firms, and to cancel or change the Request for Proposal.

Deadline: 1 hard copy and 1 electronic copy of all material must be received by 5 p.m., September 17, 2010, by Administrator Kristin Amundson at: DCED, PO Box 627, Delta CO, 81416, or dropped off in person to DCED, 122 W Third Street, Delta, CO, 81416, and sent via e-mail to kristin@deltacountyed.org

Inquiries: Any questions regarding this request for proposal should be directed to: Administrator Kristin Amundson, PO Box 627, Delta CO, 81416
970-874-4992, kristin@deltacountyed.org

Delta Timber Office and Operations, Delta, Colorado

