

Request for Proposal

Flagstone Marketing Study for Hualapai Tribe



Funded by the Division of Energy and Mineral Development, Office of Indian Energy and Economic Development, Bureau of Indian Affairs – DEMD/IEED/BIA

Published by Hualapai Planning and Economic Development Department

Issued: March 21, 2016

INTRODUCTION:

The Hualapai Tribe of Arizona is soliciting a Request for Proposal (RFP) for a Flagstone Marketing Study.

The Hualapai Indian Tribe (Tribe) wishes to develop additional sources of flagstone to meet the future building construction needs on the Hualapai Reservation and other possible markets. The Hualapai Reservation contains approximately 998,000 acres of land held in Trust by the Federal government and is located in portions of Mohave, Yavapai and Coconino Counties, Arizona. Aside from on-Reservation use, the Tribe will seek to market the flagstone to other builders in Arizona, the Southwest, nationally and possibly internationally. A market analysis must be performed to determine the price point for this unique product and determine the best means to make the product available to the buyer. A contract geologist with experience in marketing flagstone products will be retained to conduct market studies. The contractor will combine this information into a final report to be presented to the Tribal Council at the completion of the grant.

Technical Summary for Geologist Services:

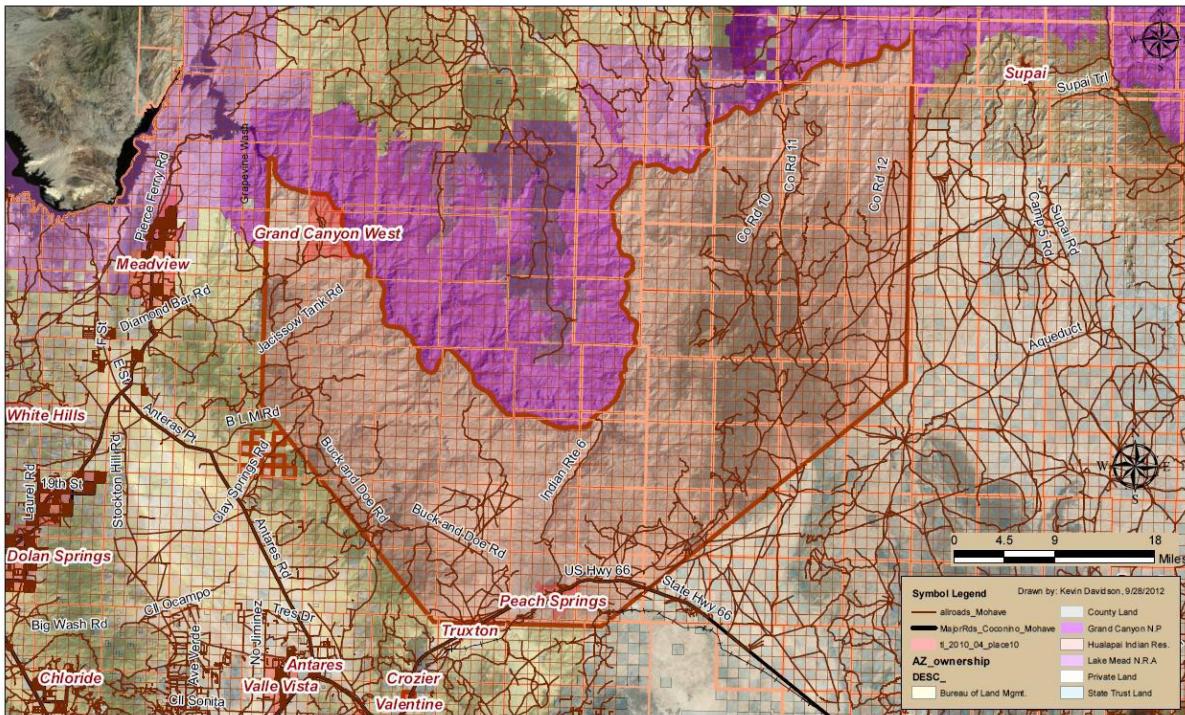
Market/Feasibility Studies

This project will be a study of the current market conditions, and future demands, prices. This study is necessary to determine whether to proceed with the development of the flagstone resource and the subsequent mining operations plan. The feasibility study would look at specific needs of the Tribe as well as the broader construction industry in Arizona and California. The study would determine the demand for flagstone products in residential, commercial and institutional applications. This project will utilize building trade surveys as well as informal surveys and knowledge of local conditions.

Reservation Location and Access

The Hualapai Tribe is a federally recognized Indian Tribe located in northwestern Arizona. "Hualapai" (pronounced Wal-lah-pie) means "People of the Tall Pines." In 1883, an executive order established the Hualapai reservation. The Hualapai Indian Reservation is about 40 miles east of Kingman and 75 miles west of Flagstaff. Roughly one half of the reservation is in Mohave County and one half in Coconino County. Only a few acres are in Yavapai County. The entire reservation encompasses an area of 992,463 acres and has a 2010 population of 1,335. In addition to the main reservation, two small areas, both in Mohave County, are part of the reservation. One of 800 acres is at Valentine about 18 miles southwest of Peach Springs (Figure 1) and is the site of the Truxton-Cañon Indian Agency. The other, called the Big Sandy area (not shown on Figure 1),

Reservation Boundary Base Map



includes 710 acres in T. 18 N., R. 13 W., and is 30 to 35 miles south of the Truxton-Cañon Agency. All land and mineral rights within the reservation are tribally owned except 650 acres of allotted land in the Big Sandy area. Private land within the reservation is limited to Santa Fe Railroad rights-of-way and 160 acres of Santa Fe land around a well in sections 2 and 3, T. 25 N, R. 11 W, south of Peach Springs, the main Hualapai town.

The north boundary of the reservation borders the south rim of the Grand Canyon, west of Grand Canyon National Park, an area of outstanding scenic attraction. More specifically, it is bounded on the north by Grand Canyon National Monument and Lake Mead National Recreation Area. Much of the southern part of the reservation is relatively featureless but the topographic relief is great and the scenery spectacular at the canyon rim. Maximum relief on Indian land is about 5,200 feet between the Colorado River and the canyon rim in the easternmost part of the reservation.

A 2015 study was performed by Petralogix which describes the existing quarry and the type of flagstone encountered on-site. The report showed that there was an adequate supply of minable flagstone on the western side of the reservation at the Milkweed Quarry. The flagstone at Milkweed Quarry is predominantly

brown with striations of gray, ochre and travertine and is known as "Hualapai Chocolate," and derives from siltstone occurring in the Bright Angel Shale formation making it unique among the flagstones quarried in northern Arizona which are predominantly rosa red and peach in color. Currently the inactive Milkweed Quarry is located on the southwestern boundary of the reservation and located approximately 750 ft away from an active non-tribally owned quarry. Geological studies of the Milkweed Quarry that were performed in 2015 have shown that there is high quality and highly desirable Chocolate Hualapai Flagstone in quantities large enough to support long term mining activities. Previously mined materials that are still on site range from brick size (4" by 6" by 3") up to large slabs (3' by 8' by 6'). Flagstone specimens exhibit low absorptive and high compressive strength quality. The natural bend and dip of the bedding planes make mining the stone at Milkweed Quarry relatively simple, especially since the beds are nearly horizontal. The variance in sizes increases the sellability of the product because the rocks can be shaped to meet the buyers' needs. There is an estimated 277,020,000 board-feet of yieldable material, of which roughly 80% is usable. The Tribe is interested in marketing the (Hualapai Chocolate) as a designer brand.

Bidder Instructions

The contractor shall perform all services within ninety (120) days from date of award. See statement of work below. The bid shall be a firm-fixed price, identified as BID AMOUNT and shall be for EXACT AMOUNT ONLY. No deviations or partial BIDS will be considered. Bids will be evaluated by lowest price and technical acceptability. The bid must address the minimum qualifications in a statement (including any resume and copy of degree) not to exceed 5 pages. The bidder shall provide an itemized estimate of travel mileage. The current Federal Travel Regulation authorized mileage rate can be found at: <http://www.gsa.gov/portal/content/100715>. The bidder's estimate is not a guarantee of travel reimbursement, rather a ceiling, as the Tribe will only pay actual expenses.

To be determined technically acceptable, the bidder must meet these minimum qualifications:

1. The contractor must have at least 5 years' experience assessing and marketing flagstone or dimension stone in Arizona or connecting states.
2. The contractor must have a degree in geology or other earth science related discipline (geophysics, hydrology, etc.), and a good knowledge of marketing stone products.

3. The contractor must possess the appropriate techniques and resources to complete a marketing plan.

The (RFP) closes on April 22, 2016 at 4:00 PM Mountain Time/5:00 PM Arizona Time. All questions must be submitted in writing and may be sent via email to the individual listed below. All bids shall be submitted to:

*Kevin A. Davidson, Director
Hualapai Tribe Planning & Economic Development Department
Mail to: P.O. Box 179 or
Deliver to: 887 W. Highway 66
Peach Springs, Arizona 86434
Phone: (928) 769-1310 Ext. 22
Fax: (928) 769-1377
kdavidson@hualapai-nsn.gov
www.hualapai-nsn.gov*

Geologist Services (Arizona)

Statement of Work

SCOPE

The Hualapai Flagstone Project will be administered by the Tribe with the assistance of the Division of Energy and Mineral Development (DEMD) staff. The objectives of the marketing and feasibility plan are to analyze four potential markets and the marketability of the tribe flagstone resources. The geographical extent of target market is recommended as follows:

1. Primary SW Target Market
 - a. Arizona – New Mexico – Southern Nevada
2. Secondary SW Target Market
 - a. Southern California
3. Remainder of North American Market
4. International Markets

Contractor Identification:

When performing as contractor, the contractor shall identify themselves as independent contractors for the Hualapai Tribe, both orally and in writing. In addition, all materials produced under contract must be labeled sufficiently to identify it as contractor produced materials. Under no circumstances shall the contractor state or imply that he or she is acting as a Tribal representative.

DELIVERABLES

The first draft of the Final Report will be delivered for review one month after the marketing analysis has been completed. Literature research and field surveys will be commenced as soon as the grant has been obtained. All work will be contracted. This first draft will include (in digital and hard copy formats) information as follows:

A feasibility study will include a marketing plan that considers local, domestic and foreign market conditions, as well as current and future demands. This study is necessary to determine whether to proceed with the development of the flagstone resource. The study would look at specific needs of the Tribe as well as the broader construction industry and would determine the demand for flagstone products in residential, commercial and institutional applications. This project will

utilize building trade surveys as well as informal surveys and knowledge of local conditions.

The project will include the following:

Marketing Studies: The market studies will primarily be accomplished by a series of one-on-one encounters (i.e. meetings conversations, etc.) with regional flagstone producers, distributors, transportation companies, contractors, architects and consumers. These would be conducted by consulting geologists and experienced rock experts. Hualapai site studies will include interviews, photos, mine and equipment examination, extensive sampling and analysis of all factors affecting marketing. International research will be done by consulting with the Tribe's existing marketing contacts in Southeast Asia.

Flagstone is not just "pretty" stone with attractive colors, but commonly must meet stringent American Society of Testing and Materials (ASTM) standards and specifications on abrasion, strength and durability. Quality control and assurance testing may be necessary to support some products and product-lines.

Flagstone Sourcing

- Analyze the past production history and reputation of the Hualapai flagstone operation.
- List the principal flagstone competitors in the primary and secondary market targets and their product lines.
- Identify any possible joint ventures or leasing partners and interested distributors.
- Assemble specimen samples of a Hualapai product-line to highlight its potential versus competing products.
- Present the characteristics of successful flagstone products such as color, rock type and thickness.
- Discuss the impact of prices, marketing geography, sales volumes, costs, etc. on a revitalized quarry operation.

Flagstone Growth and Economies

- Determine if the annual flagstone production tonnage has recovered yet from the 2006-2015-construction materials recession.
- Establish the future construction materials needs of the tribe.
- Characterize the regional market structure and size for flagstone and discussing the principal sales approach (direct and/or distributorship), transportation and packaging.
- Compile data on the main buyers, volumes sold, specifications, wholesale and retail prices, and future sales and growth strategies.
- Review the potential for export sales to the Far East, particularly with respect to investigating and utilizing back-haul rates.

Market Development

- Discuss options on marketing the product based on color, texture, strength and origins (Native American supplier). The optimum approach would be to develop a range of products to enable wider choices.
- Explain the importance of sorting and trimming to standardize shapes and thicknesses in the product lines.
- Report on all aspects of transportation to target markets.
- Investigate various options of business strategy such as independent producers, a joint-venture partner, a lesser to outside partners, or as an independent entity with a regional or national distributor network.
- Develop technical marketing and business flow sheets illustrated by charts, photographs and maps.
- Recommend a detailed business plan to guide commercialization of the flagstone and related products.

The second Draft Final Report will address all comments made in the first Draft Final Report, and will be delivered for final review two to three weeks after reviewers comments have been made and received by the contractor. The Final Report will address all comments made in the second Draft Final Report, and will be delivered one week after reviewers comments have been made and received. The Final Report will be presented to Council at or before the end of the 12th month of the grant.

All data and reports will be restricted for use by the Bureau of Indian Affairs and Tribe. Any consultants or contractors will be required to sign a confidentiality or non-disclosure agreement.

INTERIM REPORT

The contractor shall deliver an interim report to the Tribal Representative *Kevin A. Davidson Director Tribal Planning* within **60** days of award. The interim report shall include recommendations for the suggested sites.