

**NOTICE OF MEETING
REGULAR AGENDA**

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14. COMMENTS OF THE COUNCIL MEMBER
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16. COMMENTS OF THE COMMISSION MEMBERS
17. ADJOURNMENT/NEXT MEETING DAY AND TIME

Next regular meeting is scheduled for October 12, 2010 at 6 p.m. in the Homer City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

Session 10-05, a Regular Meeting of the Economic Development Advisory Commission was called to order at 6:05 p.m. by Vice Chair Ravin on August 10, 2010 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMISSIONER DAUPHINAIS, ERICKSON, NEECE, RAVIN

ABSENT: COMMISSIONER HOPPE, FAULKNER, SIMPSON (all excused)

STAFF: SPECIAL PROJECTS COORDINATOR HOLEN
DEPUTY CITY CLERK JACOBSEN

APPROVAL OF THE AGENDA

The agenda was approved by consensus of the Commission.

PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA

There were no public comments.

RECONSIDERATION

There were no items for reconsideration.

APPROVAL OF MINUTES

A. Meeting Minutes of July 13, 2010

The minutes were approved by consensus of the Commission.

VISITORS

There were no visitors scheduled.

STAFF AND COUNCIL REPORT

Councilmember Wythe was absent.

Special Projects Coordinator Holen commented that the Spit Comp Plan schedule included is tentative and that the Alaska Economic Reports will be coming to an end as the subscription has been cancelled.

PUBLIC HEARING

There were no items for public hearing.

PENDING BUSINESS

A. Economic Development Compare and Contrast

ECONOMIC DEVELOPMENT ADVISORY COMMISSION
REGULAR MEETING
AUGUST 10, 2010

Commissioner Dauphinais reviewed the information he provided in the packet. He noted that it is important for the economic development organization and the Chamber to work together and he found that the successful groups have a structure worked out. Locally he has observed that there is not a structure between the Borough, City, and Chamber and he isn't sure how it would work. His perception is the EDD is a lone company who gets their money from what they fund. The Chamber works with other things and it is good to keep the associations they have because of the emphasis on tourism. In getting into other economic development issues, it needs to be determined who will be the spearhead, how it will be funded, who will do the lobbying and so forth.

The Commission discussed how they should proceed, ideas for the structure of the organization, and funding. It was suggested that this could be a section in the Community Economic Development Strategy and Commissioner Dauphinais offered to write up the information and pass it on to Ms. Holen.

Chair Erickson recalled Commissioner Simpson's previous suggestion of having the City's resume available on line on the City's website. It could be a temporary stop gap until this all gets fleshed out.

B. City of Homer Capital Improvement Plan

Commissioner Ravin asked to include the sterling highway reconstruction project as his fifth preference. The Commission agreed to forward their recommendations to City Council.

C. Comprehensive Economic Development Strategy (draft)

Special Projects Coordinator Holen reviewed the draft.

Comments for consideration included:

- Recommendations regarding promoting export and light manufacturing.
- Adding a rail line for the transportation sector.
- Recommendations regarding economic development structure, as discussed earlier.
- The Comprehensive Plan has significant information regarding tourism, how much should be included in the CEDS.
- Should information regarding large stores be included.
- Addressing hi tech internet business.
- Listing banking and finance under services.
- Clarification of the downtown revitalization. There is still confusion that both the new city hall and the town center were voted down.
- Bringing town square up into Pioneer Avenue.
- A permanent home for Farmer's Market.
- Accommodating full size RV's in Homer.
- Addressing specific improvements for Pioneer Avenue.

Chair Erickson requested the CEDS and also the information regarding the economic development organization be included on the next agenda.

NEW BUSINESS

ECONOMIC DEVELOPMENT ADVISORY COMMISSION
REGULAR MEETING
AUGUST 10, 2010

No new business items were scheduled.

INFORMATIONAL MATERIALS

- A. Memo to Planning Commission regarding Homer Spit Comprehensive Plan
- B. Homer News Article: Homer high-tech company
- C. Items of possible interest from recent City Council meeting packets
- D. Alaska Economic Development Reports

COMMENTS OF THE AUDIENCE

Doug Stark, city resident, said he would classify himself as an expert on large stores having been through the entire battle with Fred Meyer over a period of four years. One of the things he kept maintaining was the concept of the vocal minority and the silent majority. There were about 10 or 12 public hearings on the issue, 52 people that testified each time, and finally Ray Kranich got a petition together for a referendum. He said that Freddy had originally approved a 45,000 square foot store on the northern corner of Lake and Sterling. After the referendum to raise the size to 66,000 square feet passed by a percentage of 57 to 43, Freddy moved it to the town center area on CIRI property. CIRI is in favor of a large store there. Now Freddy wants to have at least 100,000 square feet and they are thinking about 75,000 because city code does provide for that size. In the process of going through the conditional use permit for the 66,000 square feet, they did all sorts of things for that permit, which is still in effect, so there is a possibility of that happening. He said the reason there was such an outpouring of opposition to the Council and pushing it to the Planning Commission, which he was kind of disgusted to find out that instead of going directly from the Economic Development Advisory Commission to the Planning Commission, you had to go through the City Council. They had the hearing which brought out all the opposition, just like at the Council hearings. Mr. Stark just wanted to express that it is not a dead issue.

COMMENTS OF CITY STAFF

Special Projects Coordinator Holen thanked the group for their input.

COMMENTS OF THE COUNCIL MEMBER

Councilmember Wythe was absent.

COMMENTS OF THE CHAIR

Chair Erickson thought they had a productive meeting. She updated the Commission that Council is looking at the lease policy again and she has been attending the meetings. It is to the point that they are looking at what the City Attorney, City Manager, and Port and Harbor Director think. She noted for the record that in the meetings we have used Kevin Hogan as an example and that is only because he has most recently gone through the whole process and is a great example of where the process works, where it doesn't, and where it breaks down. It has not for been for his gain that we did this. But for some reason some people have taken that attitude and she believes that was not the Commission's intention. Overall she thinks it is going rather well.

COMMENTS OF THE COMMISSION MEMBERS

ECONOMIC DEVELOPMENT ADVISORY COMMISSION
REGULAR MEETING
AUGUST 10, 2010

Commissioner Neece wants to discuss some kind of comprehensive economic development person at the next meeting.

Commissioner Ravin thanked Ms. Holen and Commissioner Dauphinais for their work.

Commissioner Dauphinais said he loves 58 minute meetings.

ADJOURN

There being no more business to come before the Commission the meeting was adjourned at 7:00 p.m. The next regular meeting is scheduled for September 14, 2010 at 6:00 p.m. in the City Hall Cowles Council Chambers.

MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

Approved: _____

1. Geographic Reach:

There are three options for geographic reach; from greatest to least these are a) south Kenai Peninsula, b) Homer area, and c) Homer City Limits.

- a) South Kenai Peninsula—largest reach following Chamber’s service area from Anchor Point to Seldovia and Nanwalek. This would potentially require a splitting of Kenai EDD which could be opposed by the current EDD since it would siphon funding from that entity.
- b) Homer Area—Homer, Fritz Creek, Diamond Ridge, and Kachemak City. Most area-wide activities include these communities. Most services provided by Homer are offered to these areas as well. Would not require any reorganization, but would require inter-community cooperation and agreement.
- c) Homer City limits—this severely limits the impact and draw of any economic development activity.

Questions/Issues: Which area has the best opportunity to succeed? Can inter-community cooperation become a reality (okay, maybe a bit overstated)? Will this impact other funding sources such as EDD?

RECOMMENDATION: Homer Area—deals with area and businesses most affected.

2. Governing Organizational Structure:

There are three basic potential options for this as well; City Governed, Chamber Governed, or a third party organization.

- a) City Governed—the activity of the EDC is governed by the city as any employees are city employees. Any economic development activity is taken on behalf of the city and its constituents with city recognition within the structure of the city’s CEDS. Current advisory council acts as a clearing house for issues that go to the city government/administration.
- b) Chamber Governed—in this case the city essentially contracts with the Chamber to provide economic development activity. Any employees are Chamber employees all work is done within the constructs of Chamber rules, by-laws, and policies. As a contractor the Chamber has considerable latitude and autonomy.
- c) Third Party Organization—a third party such as a 501c3 contracts with the city to provide economic development activity. This group functions as a contractor for the city, but is not governed by the city.

Questions/Issues: Who sets the priorities? Who provides management and oversight in these various situations? Under options b and c the current EDC has minimal input since the work is being given to a contractor.

RECOMMENDATION: City Governed—clear lines of authority and priority setting, all the money goes to one place and isn’t split up.

3. Funding—Where does the money come from to operate this venture? There are some options here as well; a) a bed tax, b) a reallocation of current city funds; c) a new revenue stream.

- a) Bed Tax—A touchy subject. If we assume that there are 1,000 beds in the area's B&B's, hotels, rentals, etc (not counting RV stalls) at an average of \$150 per night, and we set a 2% bed tax that makes the area sales tax an aggregate 9.5% (make it 2.5% and you get to an even 10% sales/bed tax). At this rate a person pays an extra \$3.00 per night. With every bed full this means $\$3.00 \times 1,000 = \$3,000$; if we assume that every bed will be full for 100 nights then we have $\$3,000 \times 100 \text{ nights} = \$300,000$ dollars in revenue. A bed tax is nothing unusual in cities or in tourist areas. The issue here is inside or outside the city limits. Does it really hurt or favor anyone? At \$3.00 per night I would say no, but there are those who could make a real case for issues. \$300,000 per year would fund tourism and economic development and not come from local sources. This would require Chamber backing and considerable and early quiet campaigning to find enough supporters in the accommodations area before going public.
- b) City Reallocation—This assumes that funds are finite and work in a zero sum world. In this option the money would have to come at the expense of another city effort. I do not know enough about the city budget at this point to make a reasonable recommendation.
- c) New Revenue Stream—This would require some seed money to start with and have to get off the ground quickly. The revenue stream would need to be guaranteed for tourism and economic development. This stream could come from micro loans, services rendered, or some other effort of the group.

Questions/Issues: Tax, that dirty word. A reallocation would be cause for considerable public comment and be a potentially divisive action. Any new revenue stream would require seed money. Any of these actions would cause some consternation for some constituency. Can the revenue be guaranteed to be for tourism and economic development only and not be usurped by another activity/enterprise within the city government? None of these would be an easy sell to the local population.

Recommendation: Bed Tax since it is the easiest to estimate, is not paid by locals, and has the longest potential life of the others.

So, what the recommendations come to is a Homer Area Economic Development organization, governed by the City of Homer, funded by a bed tax.

The organization would require a director/manager of some sort at \$60,000 to \$75,000 per year to start and a budget for travel, office expense, and such (I have no idea how this compares with other city salaries/budgets). For comparison—Director, Riverside, CA \$125,000-\$150,000; Director, Louden County, VA \$125,000 to \$150,000; Deputy Dir, Worcester, MA \$68,000 to \$103,000; Director, Boca Raton, FL \$75,000 to \$116,000;

Director, Wisconsin Rapids, WI \$68,000 starting. All of these positions are currently open and advertising. I did not read each advertisement closely, but most want a minimum of a 4 year degree with some indicating a preference for an advanced degree. All wanted 3-7 years experience in economic development of some type. As a point of comparison, Wisconsin Rapids is a town of 18,000 in central Wisconsin-pretty rural; Worcester, MA is the second largest city in New England; larger than Providence, RI, Hartford, CT, and Portland, ME, but smaller than Boston.

Activities: Market Homer to small businesses; work with existing local businesses to enable growth and expansion; seek funding opportunities (not just grants); organize an inventory of opportunities and sites for potential businesses; work with tourism related matters if requested/required (i.e. assumes that tourism will remain the function of the Chamber); work with legislature and other governmental bodies to forward Homer's Economic Development agenda; gently advocate by providing pro's and con's of various measures under consideration by delegation; coordinate efforts with SBDC, EDD, and others; refer to other organizations as appropriate; follow-up on opportunities as they present themselves.

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August 18, 2010

Though Leery of Washington, Alaska Feasts on Its Dollars

By MICHAEL POWELL

PALMER, Alaska — Backed by a blue row of saw-toothed mountain peaks, the Republican state lawmaker Carl Gatto finds himself on a fine roll.

Roll it back, he says, roll back this entire socialistic experiment in federal hegemony. Give us control of our land, let us drill and mine, and please don't let a few belugas get in the way of a perfectly good bridge.

"I've introduced legislation to roll back the federal government," he says. "They don't have solutions; they just have taxes."

And what of the federal stimulus, from which Alaska receives the most money per capita in the nation? Would he reject it?

Mr. Gatto, 72 and wiry, smiles and shakes his head: "I'll give the federal government credit: they sure give us a ton of money. For every \$1 we give them in taxes for highways, they give us back \$5.76."

He points to a newly graded and federally financed highway, stretching toward distant fir trees. "Man, beautiful, right?"

Alaskans tend to live with their contradictions in these recessionary times. No place benefits more from federal largess than this state, where the Republican governor decries "intrusive" Obama administration policies, officials sue to overturn the health care legislation and Senator Lisa Murkowski, a Republican, voted against the stimulus bill.

Although its unemployment rate sits at just 7.9 percent, about two percentage points below the national rate, Alaska has received \$3,145 per capita in federal stimulus dollars as of May, the most in the nation, according to figures compiled by Pro Publica, an investigative Web site. Nevada, by contrast, has an unemployment rate north of 14 percent and has received \$1,034 per capita in recovery aid. Florida's jobless rate is 11.4 percent, and the

state has obtained \$914 per capita.

Alaska has pension and budget woes, and, more perilously, oil production is slumping. But its problems are not mortal; last year, the ax fell on new police headquarters and replacement Zamboni blades rather than on teachers and libraries. And the state has avoided the unemployment devastation visited on the Lower 48 in part because federal dollars support a third of Alaskan jobs, according to a University of Alaska, Anchorage, study.

Not that this has assuaged the antigovernment rancor. The one congressman from Alaska, the Republican Don Young, denounced the stimulus as appalling, done under the cover of night and without full disclosure. He also promised Alaskans that “if there are earmarks, we will have our fingerprints on them.”

(Curiously, that pattern also plays out in Louisiana, Wyoming and the Dakotas, states relatively low in unemployment but high in per capita stimulus, federal aid and growling antigovernment animus.)

Sitting in valleys rimmed by mountains, glaciers and a vast alluvial delta, Matanuska-Susitna Borough, with its 83,000 residents, is a sub-Arctic suburban district north of Anchorage. Its largest city, Wasilla, is home to Sarah Palin. A year ago, while still governor, she took a stab at rejecting \$28.6 million in federal stimulus for weatherization. As Alaska incurs a notable winter, Republican and Democratic state legislators overruled her and accepted the money.

Matanuska-Susitna Borough officials received about \$111 million in federal stimulus, according to Pro Publica. There was \$28 million for schools, \$25 million for highways and \$900,000 for a park-and-ride lot for commuters heading to Anchorage

(Wasillans have a practiced eye for federal dollars; when Ms. Palin was mayor, she hired a lobbying firm that reeled in \$25 million in federal earmarks for a city of fewer than 7,000 residents.)

Fairbanks, Alaska’s second-biggest city behind Anchorage, pulled in more than \$4,000 per capita in stimulus aid, including tens of millions for schools. But Jay Ramras, a Republican state representative from Fairbanks who is seeking the nomination for lieutenant governor, says he feels a tug of suspicion as he looks at that cash.

“If you want to feed us federal money like it’s a narcotic and make the state into a junkie of the U.S. Treasury, O.K.,” he allows. “But we would like to be an Emersonian Alaska and just

get control of our resources.”

Here is the cognitive dissonance. More and more Alaskans, particularly of the Republican stripe, identify the federal government and pork-barrel spending as the enemy, although Alaska was built by both.

Alaska's appetite for federal dollars has always been voracious and even today is not confined to the stimulus. A study by Prof. Scott Goldsmith of the Institute of Social and Economic Research at the University of Alaska, Anchorage, noted that an “extraordinary increase” in federal spending drove the state's pile-driver growth of the last 15 years.

In 1996, Alaska's share of federal spending was 38 percent above the national average. Thanks to the pork-barrel politics of the late Republican Senator Ted Stevens, who was chief of the Senate Appropriations Committee for several years, and to the military, which keeps expanding its bases here, Alaska's share now is 71 percent higher than the national average.

Some of this owes to the expense of serving Alaska's rural reaches. But much is bred in the bone. The federal government expended great amounts of money carving this young state out of the northern wilderness, and officials here learn to manipulate federal budget levers at a tender age.

Still, many in the state see strings attached. Lynn Gattis, a state Republican Party official, lives by a lake in Wasilla, surrounded by aspens. She is a sourdough Alaskan, meaning she was born here, and she is a pilot, which means she threads her way around those cloud-hugging peaks. She knows that the federal government paid for the port of Anchorage, the highway that leads to Wasilla and a portion of the sewers that allowed Target and Sports Authority to take root.

But she sees a government that delays oil exploration, as President Obama did recently; that regulates timber and salmon harvests and hydropower; and that, in her view, cares more about polar bears than about Alaskans. (The government lists as endangered the beluga whales of Cook Inlet, a vast gray expanse that stretches out from Anchorage. Some Alaskans argue that this could stall construction of a multimillion-dollar bridge, which as it happens would be paid for by the federal government.)

“It just feels like the federal government intrudes everywhere,” Ms. Gattis said. “Enough Ivy League lawyers — let's get people who can dig a mine and run a business.”

This sentiment baffles Tony Knowles, a long drink of a man who worked on the North Slope

oil rigs before becoming the governor of Alaska in 1994 as a Democrat. He understands the frustration that comes with bumping into federal officials at each turn. But the trade-off is not so terrible, he notes, such as having the feds pay to put broadband in Alaskan villages.

“Nobody likes to have all their eggs in one basket, and so you do feel vulnerable,” he said. “But Ted Stevens, who was a Republican and beloved, was never shy about bringing money in.”

Some Alaskans have made a founding narrative of their sense of grievance. “Before statehood, when a distant federal bureaucracy managed our resources, Alaskans experienced devastating economic effects,” Gov. Sean Parnell, a Republican, says on his Web site. Alaska became a state in 1959.

The historical record is a bit more complicated. Federal construction dollars, fishing and timber sustained Alaska until the discovery of oil in the 1960s. Victor Fischer, who helped write the state constitution in the 1950s, shrugs.

“There’s all this verbiage that says we’re the frontier, rough and ready,” says Mr. Fischer, lithe and sardonic in his mid-80s. “The Feds paid for everything, but the conflict runs through our history.”

Unemployment rose as the great recession blew through, although state residents still pay no sales or income tax. As an editorial in *The Anchorage Daily News* noted, Alaskans pride themselves on a libertarian ethos but the state makes so much money from the oil companies that it sends every man, woman and child a dividend check each autumn.

The check this year will be about \$1,300.

Still, uneasiness is palpable here, and perhaps it accounts for the political anger in the air. Oil production, the state’s lifeblood, is winding down. Federal dollars of the nonstimulus variety have slowed, too.

All of which tends to reinforce that Alaska remains much as it was 50 years ago, dependent on drilling, mining and federal aid. The sense of history repeating itself is disquieting.

When Professor Goldsmith looks out his window, he sees more office buildings than in the past, a hint of high tech. But the landscape — the snow-capped volcanoes and vast waters of Cook Inlet — is overpowering.

“Californians wait for a new entrepreneurial wave to lift them,” Mr. Goldsmith says. “For us, the traditional extraction economy still rules.” *That is why, he adds, “historically, we take whatever largess comes our way. A federal dollar is a good dollar.”*

MANAGERS REPORT
August 23, 2010

TO: MAYOR HORNADAY / HOMER CITY COUNCIL

FROM: WALT WREDE

UPDATES / FOLLOW-UP

At the most recent Committee of the Whole Meeting, the Council was scheduled to discuss Council priorities for the upcoming FY 2011 Operating Budget. As you know, we never got to that topic because we spent the entire hour talking about fire mitigation in the Bridge Creek watershed. We could talk about this topic a little at this Committee of the Whole but we likely won't have much time because the Teshio delegation will be visiting with us.

So, in order to keep us on track, I thought it might be useful to devote the entire Manager's Report to this subject. If we don't discuss this at the Committee of the Whole, we can do so during the regular meeting (or both). This is an important discussion to have because it is very helpful to me to know Council budget priorities for the coming year as we begin developing the document. You will recall that last year, I incorporated most of the Council priorities into a set of guiding principles. That was very important in a year in which a tough budget decision had to be made.

I can also provide some updates on the gas line, the TORA Agreement, and the Fire Mitigation Program, among a myriad of other things if Council wishes. Enstar representatives will be there as a visitor so I think the gasline topic will be covered.

BUDGET PRIORITIES

At the last meeting, Regina provided a Treasurer's Report which showed that the City's revenues and expenditures are basically tracking with the adopted budget. It is really too early to make any projections that we can be confident in regarding revenues. We will have a much better picture of sales tax revenue at the end of the third quarter. And property taxes, while a little more predictable, also do not come in until later in the year.

We have anecdotal evidence that the economy has picked up a little over last year and the City hosted a number of special events. So, it seems reasonable to expect that sales tax revenues will be up over last year. So, I think one topic that would be good to think about now is what Council would want to do with any extra revenue if it arrives. While we might be in a position to add a few things back into the budget, I would urge caution because the economy in the next few years still seems uncertain, to say the least. I would think hard about adding things that might not be sustainable if the economy slumps.

You will recall that last year was a tough one and a lot of things were cut or simply not funded. Following is a partial list of those things. We would be really interested in hearing how Council would prioritize these items if extra funds were available.

- 8 vacant, full time equivalent positions
- No contribution to depreciation reserves

- No contributions to fleet reserves
- No capital equipment purchases
- No employee COLA
- Reductions in overtime, training, travel
- Reductions in contributions to NGOs

In addition to the above, Council may also want to discuss other budget topics such as tax policy, level and type of service delivery, increased efficiency, etc.

ATTACHMENTS

1. July and August Employee Anniversaries

TDR C U



City of Homer

City Manager

491 East Pioneer Avenue

Homer, Alaska 99603

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email: wwrede@ci.homer.ak.us

September 2, 2010

To Whom It May Concern:

I am writing on behalf of the City of Homer to express support for the application from Families First: A Best Beginnings Partnership for \$20,000 in grant funding to support the organization's work in the area of child and family health.

A healthy community is not possible without healthy families. We are impressed with the work and goals of Families First in regard to infant learning, early childhood education, reducing child abuse and domestic violence, providing stimulating play experiences for children, addressing the shortage of quality child care in the community, and working toward development of a community resource center.

\$20,000 is not a large grant but I have no doubt that those involved with Families First will stretch the dollars for maximum benefit in an area of great need. Your support will be greatly appreciated.

Sincerely,

CITY OF HOMER

Walt Wrede
City Manager

Alaska Economic Report

— *Tracking resource, business, industry
& construction issues since 1974*

Publishers: Mike & Tim Bradner (907) 440-6068
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August 30, 2010
No. 13/2010

U.S. Senate: Alaskans shooting themselves in the foot?

Alaska voters may have tossed the state's clout in Congress to the winds in the August 24 Republican primary. Sen. Lisa Murkowski, ranking Republican on the Senate Energy and Natural Resources Committee and a member of Senate Appropriations may have been defeated by newcomer Joe Miller, a Fairbanks attorney. Miller held a narrow 1,668-vote lead as of Aug. 30. Thousands of absentee and questioned ballots are yet to be counted, so the numbers will change. The first absentee count is set for Tuesday, Aug. 31. The trends for both candidates will be seen. It could be clear then who the ultimate winner may be.

Miller rode an anti-incumbent wave among disgruntled Republican voters, and what was crucial was a surge of out-of-state Tea Party money, half a million dollars, dumped into TV

advertising and other media at the last minute. Other factors: A low voter turnout (28 percent), the closed primary in which only Republican-registered voters could cast ballots, and a ballot proposition on abortion that brought out Christian conservatives to the polls. All this didn't help Murkowski. There was also evidence that conservative Republican operatives were at work in organizing what amounted to a stealth campaign to defeat Murkowski, who is at heart a moderate.

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Resource Supplement published separately

State's economy: What's strong; what's muddling along

Fishing and mining are doing well in 2010; construction is okay, as is trucking; petroleum and aviation jobs are down; employment in eating and drinking establishments is up (this is an indicator of disposable income), an total job numbers are up. All the data is for June and is compared to June of 2009. So, what to make of this mixed bag? It's hard to see any clear patterns or worrisome trends other than

in oil and gas, where jobs are down about 1,300 comparing June with the year previous. The picture is one of a fairly stable economy, in terms of wage and salary jobs, the best indicator we have for Alaska. However, the drop in oil workers, as well as the decline in production, is something to be concerned with, in that petroleum underpins about a third of the state's economy one way or another.

Energy:

Akutan geothermal well: Good results

The first of two geothermal exploration wells being drilled by the City of Akutan encountered water at temperatures in excess of 360 degrees at shallow depths, managers of the project said. Drilling had been started in mid-July. The next step is design of a geothermal power system and estimation of costs. The city hopes to have geothermal power production underway in two years. Akutan has 850 residents and is a hub for regional fishing activity, with a large Trident Seafoods processing plant in the community.

AEA loan to Southeast hydro project

The Alaska Energy Authority board approved a \$9 million loan to Haida Energy Inc. for the 5 megawatt Reynolds Creek hydro project on Prince of Wales Island in Southeast Alaska.

Haida Energy is a joint-venture of Haida Corp. and Alaska Power & Telephone Co. Inc. Total cost of the plant is \$17.2 million. The partners gave secured \$5.3 million in state and federal grants. Haida Corp. has \$2.9 million of its own money in the project.

State studies CNG conversion

The state Department of Transportation and Public Facilities requested proposals for a \$65,000 study of conversion of the state vehicle fleet to compressed natural gas. The study, mandated by recently-passed legislation, is due by the end of the year. The state owns about 7,500 vehicles.

General business: Home sales up?

Anchorage realtors say home sales may be picking up in 2010 after a gradual three-year slide, but it's still too early to know. The bump in first half of the year may be due to the one-time tax benefit for home purchases, they say.

Petroleum:

Apache wants to expand in Alaska

Senior Apache Corp. managers were in Alaska last week meeting with state officials on their plans for Cook Inlet. The company, a major U.S. independent, has purchased 238,000 acres of undeveloped state leases from several individuals in the Cook Inlet region and plans more acquisitions to expand that base, company officials told us. Most of Apache's new acreage is onshore, on both sides of Cook Inlet, with some offshore acreage on the west side, near the shore. Apache had made a tentative offer to Escopeta Oil and Gas to acquire a major stake in the offshore acreage this small independent holds, but the initiative has not progressed, so far, and Apache wouldn't comment on it. Exploration of Escopeta's leases would require a jack-up rig to be brought to Cook Inlet.

Apache may be looking at other prospects. Chevron Corp. is reportedly interested in selling its interests in several mature oil-producing fields and the aged platforms that serve them, so this might be another acquisition. Apache did talk with BP about buying part of the Prudhoe Bay field, but decided to purchase BP assets elsewhere that are near existing Apache holdings. The company basically wants to get its foothold in Cook Inlet before expanding to the slope.

Armstrong proceeding with gas wells

Armstrong Oil and Gas is engaged in new drilling and building a small gas pipeline from the North Fork gas field east of Anchor Point to that community, where it will join with an extension of the Kenai Kachemak Pipe Line being built by Enstar Natural Gas. The Denver-based company is drilling new production wells at the North Fork field and has moved a rig to the site. Armstrong will sell its gas to Enstar.

Governor's races, Legislature: Few surprises

Gov. Sean Parnell rode to easy victory over opponents Bill Walker and Ralph Samuels in the Aug 24 primary. Ethan Berkowitz bested Hollis French in the Democratic primary for governor. Both results were expected. The surprise was that Walker, essentially a one-issue candidate (the "All-Alaska" gas pipeline) netted far more votes than Samuels, who put forward a more nuanced campaign with criticism of Parnell's gas pipeline and oil tax initiatives. The result was disappointing for the state's business community, which had backed Samuels. It could be that Samuels' low-key style could not carry a complex argument, while Walker was more effective with what amounted to a bumper-sticker campaign. Through all this Parnell coasted, mainly because he hadn't made any mistakes. Berkowitz will continue the criticism on Parnell's policies, but Parnell may just continue to coast. The bottom line is that the voters may not care that much about the state's economy because things aren't bad here, at least yet. People may not understand the complexities of current state policies and the challenges of falling oil production. *Mead Treadwell's heavy victory over Jay Ramras for lieutenant governor was a surprise given that Ramras is a sitting legislator and has been cam-*

Miller-Murkowski: Another cliff-hanger election (Cont.)

- Continued from page 1

The insider talk is that the party's far-right didn't want Murkowski coming back to the Senate because she has demonstrated an ability to work across party lines and forge compromise. This group, or so the talk goes, want a more rigid hard-liner who would stand firm in defeating President Obama's programs, whatever they are. Oddly, since the election Miller has been on the talk-radio airwaves bashing the national Republican Party, which is surprising for someone who hopes to be the GOP standard bearer.

In any event, if Miller prevails the state will lose the advantages of Murkowski's seniority and her seat on Appropriations, which Miller will not get. Miller might get seats on Environment and Public Works and on Energy and Natural Resources but without the clout of Murkowski's seniority, we're told. Alaska does have Sen. Mark Begich among the Senate Democrats but Begich is in his first term and lacks seniority. In the House, Congressman Don Young has plenty of seniority but is still operating under a cloud from recent investigations. Those have now been dropped, but Young's position in the next Congress is unclear. The custom is that former chairmen are not named again to head major committees, we're told, but Young may wind up being ranking member on an influential subcommittee, which will be a good thing for Alaska.

But the bottom line is that with less clout in Congress Alaskans will have a tough time holding back environmental initiatives of the Obama administration. The recent push by NOAA for an aggressive cutback in offshore fishing in certain areas, despite criticism by the North Pacific Fisheries Management Council that the scientific basis is lacking, is an example of things to come. The last time NOAA attempted this, in the Clinton administration, former senator Ted Stevens used his considerable clout to force NOAA to do the science to justify the action.

Business Intelligence

Economic forecast: Steady, but slow, growth in Southcentral Alaska

Anchorage Economic Development Corp.'s three-year forecast projects slow but steady growth, with wage and salary employment expected to grow from 151,000 in 2009 to 153,900 in 2013 for Anchorage and Southcentral Alaska; personal income in Anchorage is projected to increase from \$13.8 billion in 2009 to \$15.2 billion in 2013. Population is on a similar steady growth-track, increasing from about 290,600 in 2009 to 296,400 in 2010. Activity at Anchorage's international airport and the Port of Anchorage also show increases this year, AEDC said in its report.

ECONOMY LOOKS OKAY, BUT INDIVIDUAL ALASKANS ARE EDGY: Alaska's unemployment rate dropped to 7.7 percent in July, dipping below the national rate of 9.9 percent. State economists say Alaska is faring better economically than the nation because most of Alaska's industries, like oil, mining, fisheries and government, have not been greatly affected by the recession. Individual Alaskans are still edgy about the state's economy, however. A survey conducted jointly by Northern Economics, Ivan Moore Research and Northwest Strategies, reported that for the second quarter of the year 60 percent of survey respondents felt conditions in their local communities were stable, a quarter of respondents felt things were getting worse, and that was an increase over results in the survey for the first quarter.

BLS CITES 2.9 PERCENT INFLATION FOR ANCHORAGE: The U.S. Bureau of Labor Statistics reported a 2.9 percent increase in consumer prices in Anchorage last year, an increase over the 1.2 percent inflation of the previous year but lower than inflation in six of the past 10 years. Housing costs were up 1 percent overall, BLS reported; medical care rose 6 percent; unleaded gasoline was up 32 percent; clothing costs rose 6 percent (this is up from several years in which competition among new big-box retailers brought clothing prices down). Some energy prices declined. Natural gas and electricity costs were both down 16 percent.

PERMANENT FUND NETS 11.8 PERCENT RETURN FOR FISCAL YEAR: Alaska's Permanent Fund earned 11.8 percent on its principal in Fiscal Year 2010, which concluded June 30, ending the fiscal year with a market value of \$33.3 billion. Earnings for the year were above the target of 9.8 percent, the Alaska Permanent Fund Corp. reported. Earnings were boosted by strong performance in financial markets for the first three months of the fiscal year, extending into spring 2010. A softening of the market in mid-2010 wasn't enough to dampen returns for the year. During the fiscal year the Fund's U.S. stock portfolio returned 15.9 percent; the non-U.S. stock portfolio 11.8 percent.

EPA SAYS IT WON'T PUSH GREENHOUSE GAS REGULATION: In her visit to Alaska, U.S. Environmental Protection Agency Administrator Lisa Jackson said her agency has temporarily backed away from an effort to regulate carbon emissions through the Clean Air Act. The Obama administration had pushed carbon regulation as a stop-gap until Congress enacts climate change

legislation, but that is on hold, too. Jackson said the perilous state of the nation's economy has caused her to put a hold on the action. However, environmental groups may continue to push EPA to continue the effort through litigation.

NEW SHIPPERS TO BRING JET FUEL INTO ANCHORAGE: Two marine shipping companies may soon be approved to bring fuel products by barge or ship into Cook Inlet. Most of the fuel to be brought in is jet fuel. The state Department of Environmental Conservation has approved Delta Western Inc.'s spill contingency plan, which gives the company legal permission to operate bulk fuel vessels in the Inlet. Cosmo Oil USA recently submitted a second application. Delta Western supplies fuel to communities in western Alaska and supplying jet fuel to Anchorage is seen as an extension of that business. Cosmo will be new to the state. The company is a subsidiary of Japan-based Cosmo Oil Co. Ltd. New jet fuel supplies brought in by one or both of the marine operators will augment jet fuel supplied by Alaska refineries near Kenai and Fairbanks. Flint Hills Resources, operator of a refinery near Fairbanks, supplies most of the jet fuel needed, but uncertainties in the jet fuel demand of airlines have inhibited the company's ability to keep refinery facilities operating to supply enough fuel. If Flint Hills has to mothball one of its crude processing units this winter the airlines want to be assured of supply alternatives, which the barge operators can now provide. What may still be up in the air is where and at what cost the fuel imported by sea would be stored.

CALISTA CORP. EXPANDS IN CONSTRUCTION, CONSTRUCTION EQUIPMENT: Calista Corp., the Alaska Native regional corporation for Southwest Alaska, has acquired Brice Construction and other companies held by the Brice family along with Yukon Equipment, a major construction equipment dealer. Brice Construction specialized in infrastructure projects with an emphasis on rural Alaska. The acquisition includes a transportation company.

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Petroleum:

Enstar affiliate files for gas storage

Enstar Natural Gas Co. parent SEMCO Energy has formed a joint-venture company, Cook Inlet Natural Gas Storage Alaska LLC with a partner, MidAmerican Energy Holdings Co., to pursue a \$180 million gas storage project in Southcentral Alaska. The joint-venture company has filed an application with the Regulatory Commission of Alaska for the facility, which will have a capacity of storing 11 billion cubic feet of gas and an ability to withdraw gas at 150 million cubic feet per day. Gas injection would begin in the summer of 2012 and the first withdrawals in the winter of 2012-13, according to the application.

State subsidy for bullet gas line?

State officials directing continued studies of an in-state gas pipeline system gave legislators an update in early August but there wasn't substantial new information presented. The study involves a stand-alone 800-mile pipeline bringing gas from the North Slope to Southcentral Alaska that could be built quicker than a proposed large-diameter gas pipeline, which will take 10 years to construct. If the large line moves forward the state instead may focus on a "spur" line to Southcentral from the big pipeline. Cost estimates for the 800-mile pipeline range to \$12 billion, and the state's team, being led by Alaska Housing Finance Corp. director Dan Fauske, is required to have a refined estimate and a development and finance plan by next July.

In his briefing Fauske was straight with legislators. He said it is likely that a major state subsidy for the project may be necessary for Southcentral consumers, utilities and industrial customers to afford gas moved through the system. The team is also considering possible industrial customers and has requested proposals for a gas-to-liquids feasibility assessment.

Fisheries:

It's a good salmon year!

A huge surge of pink salmon in Prince William Sound pushed the state's salmon harvest well beyond projections, fisheries writer Laine Welch is noting in weekly seafood columns. The total harvest so far is 157 million fish, well beyond the 137 million predicted for all of 2010. Ninety nine million of those caught so far are pink salmon. A pink harvest of 69 million had been predicted. Prince William Sound is having a record-breaking harvest of 65 million pinks so far, and Southeast fishermen are catching larger numbers of pinks than expected. Sockeye salmon, the species where fishermen make the most money, is a respectable 40.3 million harvest. A 45.8 million catch had been forecast.

The big news is prices, which are up, Welch writes. Prices have been trending up in recent years but there's a nice bump this year, she says. Pink salmon are fetching 30 cents to 35 cents per pound in some places, up from 22 cents last year. Sockeye prices are ranging between \$1.50 to \$2.40 per pound in Kodiak, Prince William Sound and Southeast, and in the big Bristol Bay sockeye fishery harvesters earned 99 cents a pound in initial payments which will probably wind up being \$1.20/pound in post-season adjustments when the fish are actually sold. The ex-vessel value of the 2010 season will far exceed last year's \$370 million.

The chum salmon run on the Yukon River may not meet expectations. Biologists had been hoping for a 600,000 run but the actual number may be half of that, they now say. The low number likely dooms the prospect for a commercial chum fishery this year and may threaten the subsistence harvest. A run of about 400,000 is needed to meet escapement goals and subsistence needs, fisheries managers said. If the run is above that a commercial fishery is allowed. Commercial harvests of chums are an importance source of cash for Yukon River villagers.

Minerals:

Another expansion for Fort Knox?

The Fort Knox Mine near Fairbanks anticipates boosting production to 339,000 ounces in 2010 thanks to the mine's new heap leach ore process facility, which was completed last year. Mine owner Kinross Gold invested \$103.6 million in the project along with another \$193 million in an expansion of the main pit at the mine. The mine now has enough reserves to continue mining through 2016, although gold production would continue from ore stacked on the heap leach for several years after that. However, Fort Knox has new exploration around the main pit underway this summer which could result in an extension of the mine and mill operating life, company officials said. The expansion would be the 8th for the mine. Several years of exploration will be required before a decision on expansion can be made, company officials cautioned.

Gold prices exceeded \$1,200 per ounce in early August. The high prices have significantly boosted gold-related exploration as well as activity at existing mines. Avalon Development, an exploration services company, said it is having one of its best years ever. The company works with clients in managing potential mine development projects. *Miners have long memories, however, and recall \$300 per ounce gold prices a decade ago.*

Usibelli completes Wishbone drilling

Usibelli Coal Mine Inc. is completing 20 planned test holes at its Wishbone Hill coal leases north of Palmer and hopes to begin mining the deposit in cooperation with a Japanese customer. Local homeowners are still unhappy about the prospective mine and are urging borough officials to push the state for more controls. The company said homeowners should have known of the coal leases when they moved in, and that the area is an old mining district. Usibelli will

Usibelli's Wishbone Hill project (Cont.)

still be a good neighbor, however, and will mitigate local impacts of mining as much as possible, the company said,

BBNC gets active in opposing Pebble

Bristol Bay Native Corp. is now taking an active role in opposing the planned Pebble mine. BBNC joined with local tribes and fishing organizations to ask the U.S. Environmental Protection Agency to prohibit discharges of dredged or fill material on state lands at the headwaters of the Kvichak and Nushagak Rivers, where the large Pebble mine would be developed. Alaska Cong. Don Young has meanwhile introduced a bill in Congress that would strip EPA of its authority to block discharges of dredged and fill material, although Young said his bill isn't aimed particularly at Pebble.

The U.S. Army Corps of Engineers has primarily authority to regulate discharges of dredge and fill material but under the Clean Water Act the EPA can exercise a veto over a corps permit. Some of this was in play over the corps permit for the Kensington Mine near Juneau but in the end the EPA did not assert this power.

Election-year politicking over Pebble is in high gear. An opposition group, Alaska Wild Salmon Protection Inc., has been running radio spots urging listeners to vote for candidates opposing the project. Truth About Pebble, a support group, filed a complaint with the Alaska Public Offices Commission, the state's elections regulatory agency. APOC said it will launch a formal investigation.

The complaint is Alaska Wild Salmon Protection Inc. should register as a group attempting to influence the election and be required, under APOC procedures, to disclose sources of funding.

Business Intelligence (Cont.)

- Continued from page 5

UPS MAY FURLOUGH FEWER PILOTS: It appears United Parcel Service will furlough fewer of its Anchorage air cargo pilots than previously thought. Nationwide the company reduced its projected downsizing from 300 to 230 pilots, most of which are Anchorage-based, but who do not actually live in Alaska. The pilot's union originally estimated that about 80 pilots who also live in the city would be affected but this is now reduced to about 70.

Alaska Communications Systems, Inc. will acquire TekMate, an Alaska information services company, for \$2 million. The acquisition will expand ACS' information technology services. TekMate has about 40 employees and had \$5.5 million in revenues in 2009.

FOR WAINWRIGHT TROOPS TO DEPLOY AGAIN; ARMY BRASS VISIT: The Army's Stryker Brigade at Fort Wainwright, in Fairbanks, will likely receive new deployment orders in early 2011, senior defense department officials visiting Fairbanks said. The Army is attempting to give units two years at their home base for every third year deployed and hopes to stretch this to three years. The 4,000-strong brigade returned from deployment about a year and a half ago.

Army Secretary John McHugh, who led the visiting group, expressed confidence in the future of Fort Wainwright as the defense department considers spending cuts. McHugh noted the strategic location of the base in Alaska and major investments made in facilities there in recent years.

MAT-SU AUDIT FAULTS NPI FOR SITE CONTAMINATION: An environmental audit by the Matanuska-Susitna Borough on 22 acres of borough land at Port Mackenzie discovered oil contamination and other environmental problems including sedimentation in wetlands, trash accumulations and lack of secondary containment around oil storage facilities. Results were turned over to the state Dept. of Environmental Conservation. NPI, the lessee, has engaged in timber harvesting in the area and has used the port facility to load wood chips. The borough and NPI were also engaged in a dispute over leasing of borough lands for timber harvesting, with NPI arguing the borough had cancelled planned timber sales that caused it economic harm. A settlement reached has the borough paying NPI \$1.1 million in cash and \$1.3 million in credits for dock and wharf fees at the port. However, NPI lost its right of first refusal on leasing of borough lands in the port area.

LOCAL VEGETABLES POPULAR IN RESTAURANTS, BUT HARD TO GET: Anchorage restaurant operators say locally-grown vegetables are a popular but distribution problems have hampered deliveries this year from farms in the Matanuska Valley. More restaurants are turning to various farmer's markets that operate at certain days of the week. Although the regional farming is always unpredictable because of weather (this year's rainy summer in Southcentral hampered growth of certain crops) the trend basically points to a growing urban population outstripping the capacity of farmers that remain in "the valley" agricultural area. Agricultural land is shrinking, also, because farm land is gradually being converted to other uses, mainly for residential development.



Homer Comprehensive Economic Development Strategy

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Homer Comprehensive Economic Development Strategy

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INTRODUCTION

What Is Economic Development?

This Comprehensive Economic Development Strategy (CEDS) reflects a fairly broad view of economic development, which in turn reflects many of the comments made by members of the public in the development of this plan.

The following definition is taken from *An Economic Development Toolbox: Strategies and Methods* and is presented here as a useful definition for our purposes:¹

Economic development is the process of improving a community's well-being through job creation, business growth, and income growth, as well as through improvements to the wider social and natural environment that strengthen the economy.

Use of the word “economy” in the definition above necessitates a definition of that word as well. The following is provided as a simple, straight-forward definition of “economy”:

An economy (or “the economy”) is a social system that includes the production, exchange, distribution, and consumption of goods and services of a given area.

A discussion of economic development would not be complete without exploring the concepts of **basic vs. non-basic sectors**. These terms relate to the fact that no economy is self-sufficient. All economies have to buy goods and services that aren't produced locally. If that loss isn't offset by new money flowing in, the local economy will collapse. **Basic sectors** and industries are those which bring new money into the local economy. Examples in Alaska include oil and gas, seafood, minerals, and timber (export commodities) as well as tourism and air cargo (services). Scott Goldsmith of the University of Alaska Institute for Social and Economic Research provides another example of a basic economic sector: “Money also arrives via the mailboxes of retirees, who collect Social Security, federal retirement benefits, and pensions. Other Alaskans collect earnings from investments outside the state. The federal government doesn't produce commodities or services for sale in the market, but it's a basic sector because all federal money coming into Alaska is new money.”²

Authors of *An Economic Development Toolbox* point out that “in most cases, the retail sector is not a basic one because it primarily serves local residents and therefore exchanges dollars within the community rather than bringing in new dollars. The exceptions are in tourist-serving communities, and in cases of import substitution.”³

Non-basic sectors depend on money generated by the basic sectors, but they are also vital to the economy because they circulate money. As the money circulates, it generates additional jobs and income. This is known

¹ Terry Moore, S. Meck, and J. Ebenhoh, *An Economic Development Toolbox: Strategies and Methods*. American Planning Association, October 2006, p. 5.

² Scott Goldsmith, “What Drives the Alaska Economy?” UA Research Summary No. 13, Institute of Social and Economic Research, University of Alaska Anchorage, December 2008.

³ Terry Moore, S. Meck, and J. Ebenhoh, *An Economic Development Toolbox: Strategies and Methods*. American Planning Association, October 2006, p. 14.

as the **multiplier effect**. The larger the non-basic sectors are, the more times the money turns over in the economy and the bigger the multiplier effect.

A Vision for Economic Development in Homer

The following vision statement is taken directly from the Homer Comprehensive Plan, adopted by the Homer City Council in April 2010 following three years of public input, including input from the Economic Development Commission (EDC):

Homer's economic industries including marine trades, commercial fishing, tourism, education, arts and culture remain strong and show continued growth. Quality of life is preserved as Homer benefits from the creation of more year-round living wage jobs.

It should be noted that the list of economic sectors in the vision statement is not meant to be all-inclusive. This plan will look beyond the five sectors listed to present a broader picture.

Nexus of the CEDS with Other Plans

As seen above in the vision statement, this plan is intended to be consistent with other plans already approved by the Homer City Council. Most significantly, it reflects goals and objectives found in Chapter 8 ("Economic Vitality") of the Homer Comprehensive Plan. Other plans that are relevant to the CEDS include the Homer Spit Comprehensive Plan, Town Center Development Plan, Transportation Plan, Non-Motorized Transportation and Trail Plan, Water and Sewer Master Plan, and Climate Action Plan.

This CEDS is technically an update of the City of Homer Overall Economic Development Plan (OEDP) last updated in 1999. The OEDP served as an important resource in the development of the CEDS. By way of explanation, the name was changed from "Overall Economic Development Plan" to "Comprehensive Economic Development Strategy" to reflect the recommendations and terminology used by the U.S. Economic Development Administration for local economic development planning.

Public Participation in this Planning Effort

The process of incorporating public input in the development of this plan was greatly assisted by the efforts of Carol Bevis, who joined the project as a VISTA (Volunteers in Service to America) in April 2009 and worked full-time for a year, producing a CEDS scoping document before she left. Carol reviewed economic literature as well as previous local plans and surveys, conducted 21 interviews with local citizens from diverse backgrounds, and helped compile the results of 99 interviews that were part of the Southern Kenai Peninsula Communities Project. In addition, Carol organized and facilitated two public forums on behalf of the City of Homer Economic Development Commission and the Chamber of Commerce Economic Development Committee, with the goal of brainstorming ideas and identifying priorities. A diverse group of citizens participated (35 at each meeting) and others contributed their thoughts and ideas via email. Additional public input was received at City of Homer EDC regular meetings and work sessions.

Homer History and Demographics

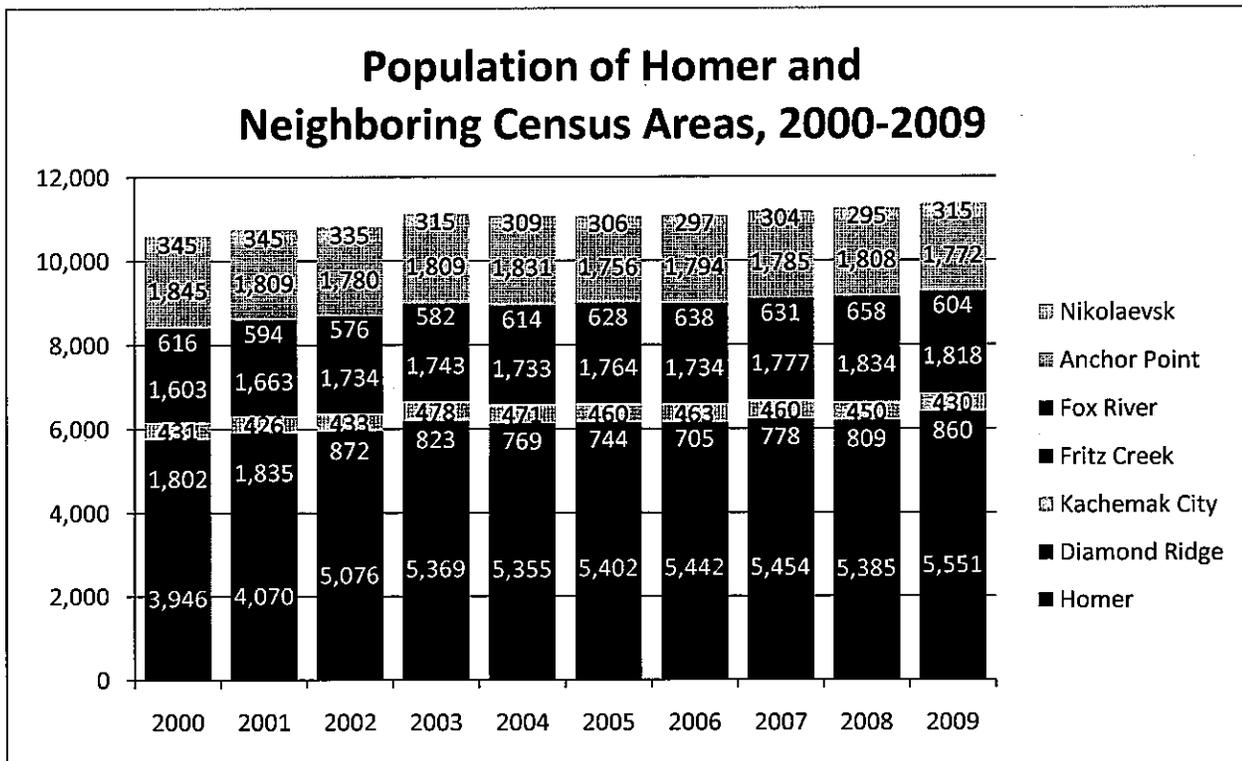
The following timeline is not intended to provide a complete history of Homer but rather to describe a few events which serve to illustrate Homer's development and character as it has evolved over time. Sources include local historians Janet Klein and Dave Brann and the Alaska Department of Fish and Game.

- 6000 BC Native people inhabit the Kachemak Bay area then and now.
- 1896 Con man Homer Pennock promotes gold mining in the Homer area, but coal mining is much more successful.
- 1902 Homer is virtually abandoned between 1902 and 1915 due to lack of coal markets.
- 1915 Charlie Miller winters 95 horses at his homestead (Miller's Landing) for the Alaska Railroad.
- 1917 Delphina Woodard develops a dairy farm in what is now downtown Homer.
- 1919 First school opens at Miller's Landing.
- 1920 46 people reside in the census area designated as "Homer Spit and Vicinity."
- 1925 A rudimentary telephone system is established.
- 1930-40 Commercial and civic activity increases significantly. By 1938, Homer has an airplane runway, several general stores, two restaurants, and a new dock built by the Homer Civic League. Supply ships now bypass Seldovia to deliver goods directly to Homer. Homer's population in 1940 is pegged at 325.
- 1941-42 Alaska Road Commission creates Beluga Lake by damming the slough.
- 1945 Homer Electric Association is incorporated.
- 1946-47 The coldest winter in history is recorded for North America. Much of inner Kachemak Bay freezes over.
- 1948-51 Construction of the Sterling Highway puts Homer on the road system and fuels growth.
- 1950 Homer's population is 307.
- 1955 South Peninsula Hospital opens.
- 1960 The population of Homer, at 1,247, exceeds that of Seldovia for the first time.
- 1964 The Good Friday earthquake causes much of Homer to subside 2-8 feet, with serious damage to the harbor. Homer incorporates as a city on March 31. The damaged harbor is rebuilt with federal funds.
- 1969 Classes are offered for the first time at the Kachemak Bay Campus of UAA-KPC.
- 1971 Kachemak Bay State Park is created, contributing to the growth of tourism in Homer.
- 1976 The state of Alaska sells several oil leases in Kachemak Bay. After the jack-up oil rig *George Ferris* gets stuck in the mud, public outcry persuades the state to buy back the leases.
- 1980 Homer's population is 2,209.
- 1985 Homer gets its first fast-food chain restaurant (McDonalds).

- 1986 The Homer "Bypass" is built, bypassing Pioneer Avenue and creating another commercial corridor.
- 1989 Homer fishermen and others are impacted by the Exxon Valdez oil spill.
- 1990 Homer's population is 3,660.
- 1998 Icicle Seafoods—Homer's only fish-processing plant and the town's largest seasonal employer—burns to the ground.
- 2000 Homer's population is 3,946.
- 2002 Homer annexes 4.6 square miles.
- 2009 Homer's population is estimated at 5,551 (Alaska Dept. of Labor).

Because detailed U.S. Census data for the year 2010 is being compiled as this report is being written, we will leave it for the next update of the CEDS to include the latest demographic information about age, education, employment, and economic characteristics of Homer residents and note significant changes or trends.

The chart below illustrates Homer's population (2000-2009) in relation to the greater Homer area. In general, it is safe to say that the greater community population is at least twice the population of Homer within city limits. Many of those who reside outside city limits commute to Homer for work. Most rely on Homer outlets for groceries and other goods and services.



Notes regarding population chart: Homer annexed part of Diamond Ridge and all of Miller's Landing in April 2002. (Miller's Landing is not shown in this graph. It had a population of 70 before annexation.) Year 2000 population is from the 2000 U.S. Census. Population figures for 2001-2008 are estimates provided by the Alaska Dept. of Labor and Workforce Development.

Data collected by the Kenai Peninsula Borough shows that in 2008, the top ten employers in Homer were:

- Kenai Peninsula Borough Schools
- South Peninsula Hospital
- Safeway
- South Peninsula Behavioral Health Services
- City of Homer
- State of Alaska (not including the University of Alaska)
- Land's End Resort
- Homer Senior Citizens
- Homer Electric Association
- University of Alaska

Only two of the above employers are private corporations. However, Homer is known for its many small, locally-owned businesses that together employ many residents and help create a diversified economy. A 2004 article in *Alaska Economic Trends*, published by the Alaska Department of Labor, noted that “entrepreneurship is a key element in Homer’s economic equation” and that Homer has the highest percentage of self-employed workers on the Kenai Peninsula as documented in the 2000 Census.⁴

More information on specific sectors of the Homer economy can be found in other sections of this plan.

⁴ *Alaska Economic Trends*, Alaska Department of Labor and Workforce Development, November 2004, p. 14.

The Role of Government Policies and Programs in Local Economic Development

Even though government cannot affect all the factors important to economic development, it can have a significant impact through both its traditional role as public service provider and regulator, and its entrepreneurial role as a deal-maker and business recruiter. Of these two roles, the former is essential—government must provide quality basic services and an efficient regulatory environment if it wishes to create economic development. Providing further incentives to businesses is optional—whether it makes sense depends on what government can reasonably offer, the extent to which such offerings are necessary to attract firms, and the cost of those offerings.

Public policy can affect factors that are important to businesses, primarily through regulation, taxes, and incentives.

- **Regulation**—Regulations protect the health and safety of a community and help maintain the quality of life. However, simplified bureaucracies and straightforward regulations can help firms react quickly in a competitive marketplace. Predictability is usually more appreciated by business than a lax regulatory system.
- **Taxes**—Firms tend to seek locations where they can optimize their after-tax profits. But tax rates are not a primary location factor; they usually matter only after corporations have made decisions on labor, transportation, raw material, and capital costs.
- **Financial incentives**—Governments sometimes offer incentives to businesses to encourage growth. Generally economic research has shown that most types of incentives have had little significant effect on firm locations between regions.

To evaluate the comparative advantages a local economy has with respect to government policies and incentives, consider whether government is using the tools above to create a climate for business that is welcoming and supportive but which is also financially and environmentally sustainable. A city with low taxes and an array of financial incentives does not necessarily have an advantage over a city with higher taxes and no financial incentives if it does not provide the infrastructure and services businesses need to thrive.

—from *An Economic Development Toolbox: Strategies and Methods*, pages 8 and 30.

THE BIGGER PICTURE: FACTORS THAT INFLUENCE OVERALL ECONOMIC DEVELOPMENT

In any community, there are certain factors that can either inhibit or encourage economic development. Some of them are reflected in the kinds of questions people ask when they think about moving to a new town: Does it have good schools? Is it attractive? Is it affordable? Will my family feel safe there? Business owners have additional questions: Is there property available in a good location? Can I find skilled workers?

Few would argue that one of Homer's greatest assets is its spectacular natural setting. We all know people who tell the story of driving down over Baycrest Hill and falling in love with the view—and that this is what made them decide to stay. After that, other factors either contributed to or detracted from their initial excitement.

The mountains and bay aren't going away, and for this we can be grateful. This section will explore some of the other "bigger picture" factors over which we, as a community, have more control.

Local Government Policies and Services

Government policies and programs will be addressed throughout this plan, with specific recommendations to support specific activities. This section will look more broadly at three key areas: Land use policies, infrastructure/services, and taxes.

- A. Land use policies and other regulations should serve the overall public interest without unduly restricting development. Chapter 4 of the Homer Comprehensive Plan provides detailed recommendations on land use which are aimed at finding the right balance between protecting community aesthetics and property values, on the one hand, while providing options and opportunities for both residential housing and business development.
 - 1. The City should aim for fairness, consistency, and predictability in its land use policies (including lease policies) and regulations.
 - a. Speedy processing of permit and lease applications should be emphasized while ensuring that all reasonable conditions are met.
 - b. City employees involved in permitting should project a "How can we help you?" attitude to those navigating the permit process.
 - c. Existing policies and practices should be examined and possibly revised at least every five years with these goals in mind.
 - 2. The increased emphasis on careful mixed-use development in the Comprehensive Plan highlights a welcome trend in land use policies. This trend should be embraced to allow greater latitude in land use, reduce the need to drive, and contribute to a more vibrant community. At the same time, concerns of landowners about aesthetics, noise, and safety need to be taken into consideration.
- B. Government-provided infrastructure and services must be maintained to support and encourage private sector development. In Homer, local government builds and maintains roads, trails, sidewalks, and public parks; maintains and operates the port and harbor facilities; provides clean piped water to homes and businesses; and provides wastewater treatment services. In addition, the City provides police and fire protection, other emergency response services, public library services, an animal shelter, and limited

recreation programs. The importance of these basic services to the overall economic health of the community should not be underestimated or taken for granted.

1. The City should leverage as much assistance as possible—e.g., through grant applications, requests for legislative appropriations, and public/private partnerships—to maximize investment in infrastructure at the lowest cost to local residents.
 2. Maintenance of infrastructure should be a priority to protect the public investment and project a positive image of Homer.
 3. The City should recognize that many so-called “amenities” are actually vital characteristics of a community that hopes to attract and retain business owners and workers. *See section below on quality of life factors.*
- C. Tax rates should be kept as low as possible while still covering the costs of services that meet basic needs and enhance economic development. As noted above, government expenditures are important for creating the kind of community that attracts potential business owners (and workers and retirees); but at the same time, government spending must be kept in check to prevent high taxes from discouraging those same people from living here.
1. Property tax rates should be adjusted downward as property values increase. The City of Homer has done this in the past and should continue to do so if assessed values continue to rise.
 2. Financial incentives for businesses should be viewed skeptically, in light of research that shows this is generally not an important factor in business location decisions and because it means that less revenue is available for other projects and programs.

We baby boomers in America and Western Europe were raised to believe there really was a Tooth Fairy, whose magic would allow conservatives to cut taxes without cutting services and liberals to expand services without raising taxes.

—Thomas Friedman

Quality of Life Factors

The term “quality of life” lacks a precise definition, but when used to describe a town or community, the term typically includes factors such as those listed in the left column below, as compared to the right column.

Desirable Qualities	Undesirable Attributes
Visual impact is pleasing, creating impression of “a nice town.” (For example: Houses and businesses are well-maintained; streets and sidewalks are in good repair; attention is given to landscaping and public art; parks, greenways, and flower gardens are evident.)	Town looks run-down, trashy, uncared-for.
The city has a lively arts and culture scene (e.g., live music and stage productions; one or more movie theaters; a variety of art galleries; one or more museums and library; wide range of offerings for different tastes; opportunities to get involved with local art/music/writing groups or classes).	Very limited opportunities to enjoy art, music, drama or similar activities.
Educational opportunities exist for all ages. Town has a reputation for good public schools and options for private	Town has a reputation for problem schools, delinquency, high teacher turnover, etc.

and/or charter public schools. Area includes one or more local colleges and/or trade schools.	Little or no opportunity for non-traditional or post-secondary education.
Town is “easy to get around in,” including being bicycle and pedestrian-friendly. Larger towns have good public transportation system.	Town is plagued by traffic congestion/sprawl. Streets lack sidewalks or bike lanes. Walking is unpleasant and biking feels unsafe.
Diverse recreational/fitness opportunities abound for all ages, year-round.	Recreational opportunities are limited, especially those with outdoor/physical fitness benefits.
The community has one or more hospitals and an array of health care services.	No local hospital and limited health services.
Opportunities for shopping and dining out are enjoyed by residents and visitors alike.	Stores and eating establishments are boring and lack both quality and variety.
Festivals and events create a sense of fun and community spirit.	Not much ever happens that’s fun. Little or no sense of community pride.
Town has an appealing, vibrant, well-defined downtown district.	Downtown is either dilapidated or essentially non-existent.

The above examples should make it obvious that no single entity—government, business, or non-profit—can create “quality of life.” In many ways quality of life characteristics are synergistic, with different aspects working together to enhance each other and attract further positive development.

Rather than offer specific recommendations to enhance quality of life in Homer, this plan will simply note the importance of these attributes for promoting economic development and urge City Council members, business owners, and private citizens to work together to protect and enhance the qualities that make Homer an appealing place to live.

Affordable Housing

Cost of living in general will influence economic development, particularly for those who are not wealthy. Nowhere is this more important than in the housing sector. The Urban Land Institute describes the problem this way:

Housing that is affordable to workers and close to their jobs is essential to the proper functioning of the local economy. Housing costs are one of the determining factors in workers’ relocation decisions—and as housing affordability declines, it becomes more difficult to recruit and retain employees. In the tight labor market that results, employers must offer higher salaries in order to attract and retain employees, which increases the cost of doing business. A high cost of doing business, in turn, makes an area less desirable to employers.

—*Developing Housing for the Workforce: A Toolkit*, Urban Land Institute, 2007, p. 12

Lack of affordable housing is a problem that plagues many resort towns. In Homer, where second-home buyers and wealthy retirees have helped drive up the cost of real estate, less wealthy workers commute from as far away as Ninilchik. For many of them, the main reason they settled so far from town is because that's where they found affordable property. Now with gasoline prices rising, these families are feeling financially stressed in ways they didn't foresee.

Kenai Peninsula Housing Initiatives, a not-for-profit Community Housing Development Organization, manages three housing developments in Homer (18 units), with plans for at least 15 additional units for low income/special needs residents. In a 2004 study commissioned by KPHI, these characteristics were noted in regard to affordable housing in Homer:

- A limited number of 1-2 bedroom affordable apartments (100% occupied) and no affordable 3-4 bedroom apartments.
- A limited number of 3-bedroom market-rate apartments (100% occupied) and no 4-bedroom market-rate apartments.
- Market rates in Homer are higher than the rest of the KPB and often do not include utility costs.
- Vacancy rates are typically low.

The Homer Comprehensive Plan (Chapter 4—Land Use, Goal 5, Objective A) notes the growing problem of affordable housing in Homer and offers several strategies to address the problem. The handbook *Developing Housing for the Workforce: A Toolkit* describes a more focused, comprehensive approach, as outlined below:

CREATING A WORKFORCE HOUSING STRATEGY

1. Inventory the current housing supply
2. Inventory public lands and structures
3. Inventory privately held vacant and abandoned properties
4. Assess workforce housing needs
5. Assess current workforce housing programs and policies
6. Assess the barriers to workforce housing production
 - A. Community opposition
 - B. Regulatory barriers
7. Set workforce housing production goals
8. Build a workforce housing coalition
9. Organize for action
10. Identify viable workforce housing tools
11. Create a flexible, multifaceted housing strategy
 - A. Land acquisition and assembly

A local jurisdiction with a high level of amenity and other quality-of-life factors (e.g., good schools, a clean environment, affordable and appropriate housing, and a diverse and exciting culture) attracts people simply because it is a nice place to be. In particular, it attracts skilled workers, decreasing labor costs for businesses.

—An Economic Development Toolbox, APA, p. 8

- B. Planning and regulatory approaches
 - C. Financing programs
 - D. Maintaining long-term affordability
12. Assess what is working, and revise what is not

If the City of Homer and others concerned about affordable housing (including student housing) in this community hope to prevent an existing problem from getting much worse, it would be wise to begin working together now to assess the problem and identify and implement solutions. One recommendation would be to appoint a task force with this goal in mind.

A Skilled, Educated Workforce

For companies and businesses needing to hire skilled workers, lack of workers will be a reason to pass up one community in favor of another. Small towns are at a distinct disadvantage compared to larger cities with one or more universities, other worker-training programs, and a larger pool of prospective workers of all types.

Strategies for addressing the need for skilled workers in Homer include:

- A. Continue to support quality public school programs offered by the Kenai Peninsula Borough School District.
 - 1. Advocate for vocational/technical training programs and basic skills classes as well as college-preparatory curricula.
 - 2. Support efforts to provide students with hands-on learning experiences, including apprenticeship and/or mentoring programs.
- B. Support growth of the UAA-KPC-Kachemak Bay Campus, especially programs that anticipate areas of future job growth and offer classes to provide workers for those jobs.
 - 1. Support efforts to market Homer as a place to go to college.
 - 2. Support KBC goals aimed at consolidating the campus in one location and adding buildings and facilities to allow for growth and attract students.
 - 3. Support the development of student housing for the local college.
 - 4. Support the development of new college programs to meet existing needs and likely areas of future job growth.
- C. Advocate for new vocational/technical training programs and centers in or near Homer.
 - 1. Support Homer as the location for a Maritime Academy.
 - 2. Support other vocational/technical programs; e.g., those that might be offered locally at the college, high school, through the Alaska Vocational/Technical Center, or by private companies.

The more a region is able to attract employers on the basis of highly skilled workers, as well as high quality of life, good value-for-money public services, efficient regulations, and well-supported business clusters, the less pressure for a region to have a “low cost” workforce.

—*An Economic Development Toolbox*, APA, p. 27

- D. Seek to provide and protect the “quality of life” factors that are known to attract skilled workers. See previous section on this topic.

Technical and Financial Assistance for Business Owners

Building a successful business is a challenging and financially risky proposition, particularly for someone with limited or no previous experience. Chances of success are greater for those who have access to capital as well as technical assistance in business management.

The Economic Development Committee of the Homer Chamber of Commerce has grappled with both of these issues during many of its meetings in 2009 and 2010. The following recommendations reflect input from the Chamber of Commerce EDC:

- A. Continue to support the Small Business Development Center housed within the Chamber of Commerce. This center, which operates with funding from the U.S. Small Business Administration and the University of Alaska, provides free consulting services and low cost educational programs to entrepreneurs. One-to-one

sessions cover areas of management, marketing, sales, finance, accounting and other disciplines required for small business growth, expansion and innovation.

- B. Develop and implement a new program aimed at helping entrepreneurs identify and secure needed capital. Possible sources of capital would include a new microloan program, local angel investing network, traditional bank loans, and existing revolving loan programs.

- C. Develop and implement a program to provide mentoring and other networking opportunities for local entrepreneurs.

The Value of Small Business Assistance Centers

Small businesses, by definition, do not have as many employees as larger firms, but they are more numerous, so they account for a significant proportion of jobs in a city. Since many large employers are increasingly owned by companies outside a region, small business development is a way of fostering economic benefits that stay within the region. In addition, most large businesses started off as small businesses, so small business development can eventually lead to large local businesses. Because this strategy focuses on assisting local businesspeople who are likely to have strong ties to the community, the results can be a benefit for the community if the small business hires locally or serves as a role model for other local entrepreneurs. Another advantage is that these programs are usually not as costly as loans, grants, or tax relief.

—An Economic Development Toolbox, APA, p. 41.

NEW { While the existing Small Business Development Center provides valuable services, its mission is limited and it is not equipped to take on a larger role. Additional activities to assist business owners and promote economic development in other ways could be undertaken by either the City of Homer, the Chamber of Commerce, or a new independent economic development organization. See the *Organizational Structure* section of this plan for more discussion on this topic.

The Bigger World

No economy is an island, and events far outside Homer's borders have influenced and will continue to influence economic prosperity here. Business owners in Homer, particularly in the retail/tourist sectors, experienced serious losses as a result of the global recession sparked in 2008 by the growing trend of securitization of real estate mortgages in the United States—something the average American can scarcely understand.

In the mid-1980s, all of Alaska was hit hard by a drastic drop in the price of oil. In a state where a third of all jobs are tied to the petroleum sector,⁵ a large drop in oil prices can be counted on to send shock waves throughout the economy.

Ironically, while rising oil prices are good for the Alaska treasury (because of the royalties collected), they nevertheless hit individual households and businesses hard. Arguably one of the greatest threats to the local economy is the price shocks that will come from declining oil production. Among those who study global oil production, there is a growing consensus that "peak oil" is happening now and that production of all liquid fuels, including oil, will drop within 20 years to half what it is today.⁶ With declining production, oil prices will become more volatile and progressively higher when demand increases and supply can't keep up. Instability in oil supply and price has serious potential consequences for virtually all sectors of the global economy, particularly transportation, agriculture, and manufacturing. An example of a local vulnerability can be seen in the following statistic: Alaskan farmers grow only about 2% of the produce consumed in the state. For the rest, we rely on produce driven thousands of miles to supermarkets by way of a supply chain heavily dependent on cheap oil.⁷

Other cities have convened task forces to study community vulnerabilities to peak oil and make recommendations on how to prepare and adapt. It would be beyond the scope of this economic development plan to provide

Peak Oil and Energy Uncertainty: A Changing World

"The days of inexpensive, convenient, abundant energy resources are quickly drawing to a close."

—Donald Fournier and Eileen Westervelt, US Army Corps of Engineers, "Energy Trends and Their Implications," September 2005.

"Oil (and natural gas) are the essential components in the fertilizer on which world agriculture depends; oil makes it possible to transport food to the totally non-self-sufficient megacities of the world. Oil also provides the plastics and chemicals that are the bricks and mortar of contemporary civilization."

—Daniel Yergin, in *The Prize: The Epic Quest for Oil, Money, and Power*.

"One of the issues that we keep running into is, oil is the economy."

—Rowan Wolf, sociology professor and member of the Portland, Oregon Peak Oil Task Force

"Identifying and mitigating community vulnerabilities is probably one of the more important—if often unwritten—expectations we have of our local governments."

—Daniel Lerch, *Post Carbon Cities: Planning for Energy and Climate Uncertainty*, 2007.

⁵ Scott Goldsmith, "What Drives the Alaska Economy?" UA Research Summary No. 13, Institute of Social and Economic Research, University of Alaska Anchorage, December 2008.

⁶ U.S. Department of Energy, "Meeting the World's Demand for Liquid Fuels: A Roundtable Discussion," April 7, 2009.

⁷ Kyra Wagner, *Sustainable Homer*, June 2010.

such a detailed analysis. However, the following recommendations are common-sense approaches to building community self-reliance and resilience in the face of a wide array of threats and uncertainties beyond our direct control:

- A. Appoint a Local Food Commission to recommend and facilitate policies and programs designed to increase local agricultural production and consumption.
- B. Continue to support development of renewable energy sources to help reduce dependence on fossil fuels.
- C. At the same time, work to bring natural gas to Homer as a lower-carbon (and possibly lower cost) alternative to fuel oil to meet home and business heating needs. Direct hookups to natural gas may also provide a lower cost alternative to electricity and propane and serve as an important transition energy source. *new language*
- D. Support "Smart Growth" principles such as mixed-use development, transportation options, and affordable housing to help reduce the need to drive.
- E. In development decisions, take into account possible future impacts of global greenhouse gas emissions; e.g., sea level rise and ocean acidification (negative impacts) and longer, warmer growing seasons (positive impacts).
- F. Support continued management of Alaska fisheries based on principles of sustainability.
- G. Support programs which help local business owners (as well as homeowners) improve energy efficiency in their buildings and facilities.

ECONOMIC SECTORS

While Homer’s economy is often described as “fishing and tourism,” it is actually far more complex and diversified than that description would suggest. This is a good thing. Further diversification is desirable as it will help create more year-round jobs and reduce the economic shock that occurs when one particular sector experiences a significant downturn or collapse.

This section of the Comprehensive Economic Development Strategy is not intended to capture all of the current economic activity in Homer. Many successful enterprises do not fit easily into any particular category. Others span multiple sectors.

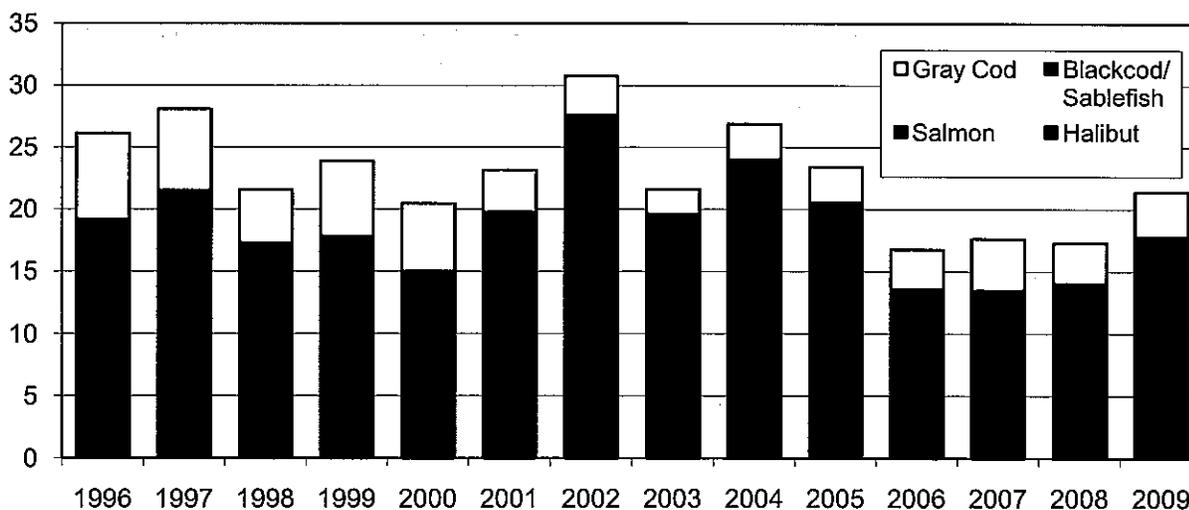
It should also be noted that some of the economic activity described on the following pages takes place outside city limits but nevertheless contributes to Homer’s economic health as a result of money spent on goods and services in addition to wages.

Commercial Fishing and Mariculture

Commercial harvest and processing of fish in the region traditionally includes five species of salmon, halibut, three species of crab, shrimp, clams, scallops, herring, and various groundfish. New markets are presenting themselves in farmed oysters, mussels, seaweed, sea urchin, sea anemone, and various other seafood products.⁸

Homer is the number one port in the world for commercial halibut. The graph below illustrates pounds of halibut, salmon, black cod/sablefish, and gray cod landed at the Homer Fish Dock from 1996 to 2009.

**Commercial fish landings in millions of pounds, 1996-2009,
Port of Homer**



⁸ Kenai Peninsula Borough website, “Our Economy,” <http://www.borough.kenai.ak.us/econ01.htm>.

The Homer area has the highest number of local residents in the Kenai Peninsula Borough who depend on commercial fishing as a livelihood. Many fishers participate in multiple fisheries, some of which are far from home. Estimated gross earnings from commercial fishing among Homer permit holders in 2008 were \$68,347,552. A total of 396 Homer fishers utilizing 600 permits landed 90.5 million pounds of fish (including crab) that year.⁹

Eight cranes make it convenient for boats to deliver their catch 24 hours a day to the publicly-owned (municipal) Fish Dock. An ice plant produces and sells high quality flake ice to serve the commercial fishing industry, up to 100 tons per day.

The State of Alaska collects fisheries-related business taxes, landing taxes, salmon marketing taxes, and other seafood taxes from licensed seafood processors, floating processors, and seafood exporters, and shares fisheries taxes generated within incorporated municipalities. Despite Homer's prominence in Alaska's seafood industry, the City of Homer received only \$98,041 in 2009 from fisheries taxes,¹⁰ because most of what happens to raw fish landed in Homer does not meet the definition of "processing." City of Homer Fish Dock operations cost \$810,594 that same year. While fees for services cover these expenses, they do not cover the costs of equipment and facility replacement.

Mariculture activity in Homer has taken a higher profile with the completion in 2009 of a \$1.5 million facility on the Homer Spit owned and operated by the Kachemak Shellfish Growers Cooperative. The co-op sells oysters to local residents, tourists, and restaurants and also ships them to locations throughout the country. In general, it is felt that the shellfish mariculture industry in Alaska is under-developed and that Alaska's clean, cold, nutrient-rich, protected waters provide the perfect medium for developing jobs in coastal Alaska. Differentiating itself from the other seafood species, the oyster business runs 52 weeks a year. Shellfish growers in Kachemak Bay and throughout Alaska have proved that shellfish grow well and command the loyalty of state and national markets.¹¹

Economic development related to commercial fishing and mariculture would likely benefit from the following actions:

⁹ Alaska Commercial Fisheries Entry Commission, <http://www.cfec.state.ak.us/gpbycen/2008>.

¹⁰ Alaska Department of Community and Economic Development and City of Homer Port & Harbor Department.

¹¹ Global Food Cooperative, www.globalfoodcollaborative.com/articles/kachemak-bay-oysters-coop-growing-and-seeking-new-partnerships.



A boat unloads its catch at the Homer Fish Dock.

- A. The City of Homer should continue its unwritten policy of not taking sides in disputes between commercial and sport fishing interests, recognizing that both are vital to the Homer economy. Instead, the emphasis should be on supporting state/federal regulatory measures that help ensure sustainable fisheries to protect this resource for current and future generations.
 - 1. Stay abreast of information related to fisheries health, including possible impacts of ocean acidification caused by the uptake of excess carbon dioxide from the atmosphere.
 - 2. Unless there are clear reasons to doubt the objectivity or veracity of information from regulatory agencies, support proposals aimed at maintaining healthy populations and sustainable harvest levels.
- B. Seek to provide and maintain the infrastructure at the Port of Homer needed to support and grow the local fishing industry.
 - 1. Seek ways to either redefine “fish processing” at the state level or meet the current definition at the local level to help capture more of the fisheries taxes collected by the Alaska Department of Revenue. These funds could then be used to help build and maintain fisheries-related infrastructure.
 - 2. Continue to seek funding for expansion of the small boat harbor (e.g., construction of the proposed East Boat Harbor) to make room for more commercial fishing vessels.
- C. Encourage development of the local seafood industry beyond traditional products and markets. *See business ideas in sidebar, next page.*
- D. Actively market Homer as a center for commercial fishing and quality seafood products.
 - 1. Develop and promote local product identification.
 - 2. Publicize the advantages of doing fisheries-related business in Homer.

General Marine Trades/Port and Harbor Development

Economic clusters are defined as “geographic concentrations of competing, complementary, or interdependent firms and industries that do business with each other and/or have common needs for talent, technology, and infrastructure. The firms included in the cluster may be both competitive and cooperative. They may compete directly with some members of the cluster, purchase inputs from other cluster members, and rely on the services of other cluster firms in the operation of their business.”¹²

Examples of industry clusters include North Carolina's Research Triangle; Hartford, Connecticut's insurance and finance markets; Hollywood's film industry; the carpet industry in Dalton, Georgia; tourism in south Florida; and technology in Silicon Valley, California.

The marine trades in Homer could be thought of as an industry cluster, as could tourism. (The two clusters overlap in the form of the sport fishing, water taxi, and cruise ship industries. These industries will primarily be covered in the Tourism section of the CEDS.)

Businesses which make up the local marine trades cluster include commercial fishing and processing operations; marine electronics; boat storage, maintenance, and repair; suppliers of fishing equipment (nets, brailer bags, etc.); businesses that provide training in marine operations; and marine transportation services (e.g., tug and barge services, oil tanker escort services, marine fuel services). This list is by no means exhaustive. Many of the

¹² Economic Development Administration, <http://www.eda.gov/Research/ClusterBased.xml>.

small businesses located in the Port & Harbor area play a role in the marine trades. Local operations related to the U.S. Coast Guard, Alaska Marine Highway, National Oceanic and Atmospheric Administration, Kachemak Bay Research Reserve, and Alaska Maritime National Wildlife Refuge will be discussed primarily in the "Government" section of this plan, but the overlap with the marine trades is obvious.

Recommendations to promote growth and vitality of the marine trades in Homer include:

- A. Utilize City of Homer lease policies to help ensure that property needed for marine businesses is available on the Homer Spit at reasonable terms.
- B. Continue to seek funding for capital projects that will benefit the marine trades, such as:
 1. Deep Water Dock expansion
 2. Small boat harbor expansion (East Boat Harbor)
 3. New Port and Harbor building
 4. New/improved restroom facilities
- C. Promote Homer as the site for an Alaska Maritime Academy.
- D. Encourage new businesses that will fill unmet needs within the marine trades cluster. *See sidebar for examples.*
- E. Implement recommendations of the Homer Spit Comprehensive Plan that would benefit the marine trades, such as:
 1. Address parking problems
 2. Encourage overslope development
 3. What else? (Awaiting completion of Spit Plan)

See also recommendations under "Commercial Fishing/Mariculture" in the previous section.

Commercial Fishing/ Marine Trades Business Ideas

Following are some of the ideas for new marine trades business activity that have surfaced in discussions about local economic development:

- Boat lift to facilitate work on marine vessels
- Hardware store in the vicinity of the harbor to cater to other businesses in the area
- Another seafood processing plant like Icicle (which burned down in 1998)
- Utilize fish waste to make fertilizer or food for aquaculture
- Value-added seafood products; e.g., smoked oysters
- Harvesting and processing of under or non-utilized seafood resources; e.g., octopus, sandfish, sea urchins, seaweed

Tourism/Visitor Industry

The economic impact of the visitor industry in Homer is unquestionably large but difficult to quantify. Based on business licenses under “Accommodations/Food Service” and “Art, Entertainment, Recreation,” the Alaska Department of Commerce estimates that tourism represented almost 23% of all business activity in Homer in 2008, with over \$28 million in gross sales.¹³ Reported information does not include self-employed individuals who are exempt from reporting requirements.

Homer is somewhat unique among popular coastal communities in Alaska in that the visitor industry is not dominated by cruise ships. While Homer typically sees a few cruise ships each year, it is primarily known for its appeal to independent travelers from around the country (as well as from foreign countries) and also as a destination for other Alaskans; e.g., from Anchorage.



The Homer Spit, with its abundance of small shops, restaurants, charter businesses, and scenic views, is one of the most popular tourist destinations in Alaska.

Encouraging Longer Visits

One economic development strategy is to find ways to encourage visitors to stay in the community longer during their visit, or to visit again in the future... Even staying an hour or two longer in the community may result in visitors eating more meals in local restaurants or spending more money shopping. The City benefits through increased sales tax revenue. To keep Homer an attractive destination requires that the City and private business work in partnership to provide the basic services that visitors and locals expect. These improvements and public expenditures should also benefit local taxpayers.

—Homer Comprehensive Plan, April 2010, p. 8-7, 8-8.

Homer Visitor Center counts have fluctuated from 7,891 in 2001 to 11,215 in 2008 and 8,550 in 2009. The Pratt Museum hosts approximately 35,000 visitors each year from 47 different countries. (Numbers do not include tour groups or school field trips.) The Alaska Department of Commerce estimates that approximately half a million people visit the Kenai Peninsula each year, with at least one-fifth journeying to Homer.

According to the Homer Chamber of Commerce, most visitors to Homer arrive via the Sterling Highway in their own or rented cars and RVs. They are drawn to Homer due to its reputation for spectacular scenery, opportunities for sportfishing and other outdoor recreation, as well as the mix of arts, culture, shopping, and dining experiences.

¹³ Reported in Kenai Peninsula Borough *Situations and Prospects for Year Ending December 1, 2008*, p. 234 and 238.

As mentioned previously, tourism falls in the category of a basic economic sector in that it brings new money into a community or region rather than simply circulating money. Homer businesses that benefit most directly from tourism are lodging (including many B&Bs); shops, galleries, and restaurants; charter fishing operations; and sightseeing/wildlife viewing/water taxi businesses. Wages paid to employees in these businesses in turn help support other businesses in town.

The Homer Comprehensive Plan, Economic Vitality chapter, provides a number of recommendations to strengthen Homer as a tourism destination. Three primary objectives are listed:

- A. Invest in local infrastructure, parks, and civic improvements that will serve locals as well as visitors by promoting longer stays, increased expenditures per person, and more repeat visitation as a form of economic development.
- B. Support efforts to improve community attractions, including Town Center, trails, and access to marine activities and the marine environment. Improve links between attractions.
- C. Increase the net benefits that tourism brings to Homer.

Fifteen separate implementation strategies are suggested to accomplish these objectives. Rather than repeat them here, we encourage readers of this economic development plan to read pages 8-7 through 8-10 of the Homer Comprehensive Plan. The discussion below will focus on one particular implementation strategy listed under Objective C. Strategy 6 is to "actively promote Homer to identified target markets, including Alaska residents, out-of-state independent travelers, and small group package tour travelers." One specific recommended action is that Homer "continue to explore the establishment of conference and convention capabilities in existing and/or new facilities."

In 2005, the City of Homer commissioned a feasibility study for a potential new conference center. The following table summarizes the findings:¹⁴

new

Tourism promotion suggestions offered by members of the public:

- Sponsor a quilting show event in the shoulder season
- Produce a restaurant guide – online and printed versions
- Promote Homer as an alternative health/healthy recreation destination
- Market Homer as the "Bear Viewing Capital of the World"
- Advertise in birding magazines
- Provide parking for RVs in downtown Homer with signage to make it easy for drivers to locate the parking

—from emails and public meetings, 2009 and 2010

¹⁴ "Feasibility Study for a Potential New Conference Center in Homer, Alaska;" prepared by Conventions, Sports & Leisure International for the City of Homer, July 2005.

HOMER CONFERENCE CENTER FEASIBILITY STUDY ESTIMATES AND RECOMMENDATIONS

new

Note: Estimate of demand is "moderate." For more detail, see full study.

Type of facility	Recommended size	Estimated utilization days per year (local & non-local events)	Total economic benefit (annual direct and indirect spending by out-of-towners)	Potential costs (public subsidy)
1. Stand-alone (City owned and managed)	10,000 sf banquet/multipurpose space; 3,000 sf breakout meeting space	113	\$2.62 million	\$203,000 annually (before debt service and reserve funding)
2. Public/ private partnership with hotel	7,500 sf banquet space; 3,000 sf breakout meeting space	114	\$1.754 million	will depend on particular partnership agreement
3. Joint use build-out with another public project	6,000 sf total meeting/banquet space	76	\$847,000	possibly break-even, with staffing and overhead shared with operations of the primary facility (e.g., new City Hall)

The study noted that virtually any conference center that is not part of a hotel business will require a subsidy of public money to support construction and operations. In many cities, bed tax (also known as lodging or accommodations tax) revenues are used for this purpose. (Anchorage, for example, has a 12% bed tax, a portion of which supports the Denaina Convention Center.) No bed tax is levied in Homer despite the prominence of the visitor industry here.

A conference center remains an identified need in Homer. As explained in the Organizational Structure section of this plan, the City of Homer could seek permission from the Kenai Peninsula Borough Assembly and from local voters to enact a bed tax here. A modest 4% tax (less than one-third of the national average) would likely generate enough revenue to support a conference center and an economic development office that would, among other things, market and manage the conference center. This proposal deserves serious consideration.

Health, Wellness, and Recreation

With a hospital, 20 or so physicians in private practice, at least a dozen dentists, several physical therapists, a large non-profit mental health/ behavioral counseling clinic, other counselors in private practice, numerous alternative health services ranging from chiropractic care to therapeutic massage to acupuncture, a health club and other for-fee exercise facilities, Homer provides a wide range of health and wellness services for residents and visitors. A relatively new addition to the health sector in Homer is the Seldovia Village Tribe Health Center,

which provides medical and dental services to both Native and non-Native patients. In addition to these traditional services, other businesses and programs offer opportunities for organized sports, wilderness outings, and other healthy forms of recreation.

The topic of health and wellness is actually much broader than the list in the previous paragraph would suggest. The Southern Kenai Peninsula Communities Project, launched in November 2008 with leadership provided by South Peninsula Hospital, conducted an area-wide health needs assessment that looked at issues ranging from environmental health, access to local foods, a diverse and sustainable small-town economy, and citizen involvement in community affairs.¹⁵ The SKP Communities Project vision is depicted below.



¹⁵ Southern Kenai Peninsula Communities Project, Project Summary, December 2009

Due to restrictions intended to protect proprietary information, the State of Alaska no longer releases sales data specific to the “Medical-Social Services” NAICS line-of-business category (and many others). Therefore, it is difficult to gauge the economic impact of this sector. However, no one would question that it is significant. In addition to money spent directly on health and wellness services, access to these services in a community is an important quality of life factor that helps make the area an attractive place to live. Recreational opportunities are another important quality of life consideration.

Some of the recommendations in other sections of this plan, most notably in the Agriculture and Tourism sectors, will also enhance the Health, Wellness, and Recreation sector. Additional recommendations are offered below:

- A. Support efforts to provide modern technology in the health care sector; e.g., at South Peninsula Hospital. Advanced technological services will not only help keep local dollars from leaving the community, they will also help attract new residents. Current needs include:
 - 1. Bariatric equipment to meet the needs of severely overweight patients.
 - 2. An enhanced communication system integrated with an improved (federally mandated) electronic record-keeping system.
 - 3. An electronic asset tracking system.
- B. Support local job training programs in the health care field; e.g., at UAA-KPC-Kachemak Bay Campus.
- C. Seek to attract medical specialists in areas where there is unmet need.
- D. Support growth of services to meet the health care needs of senior citizens; e.g., senior care, chronic illness management, cancer care.
- E. Support necessary steps to comply with the 2010 federal health care reform mandates at the local level.
- F. Publicize Homer’s many health care and wellness options and quality of care; e.g., through a directory of local health and wellness services.
- G. Expand and improve the City of Homer’s Parks and Recreation program.
 - 1. Complete a community recreation needs assessment.
 - 2. Investigate successful models from other towns.
 - 3. Develop a community parks and recreation master plan that describes program elements, staffing needs, and potential funding sources.
 - 4. Seek funding from multiple sources for the Parks and Recreation program.

Rural health services provide benefits additional to improvements in health outcomes. Because the health sector may contribute significantly to job and income generation, particularly in rural communities, it is imperative that rural communities have quality health services that local decision-makers work to evaluate, maintain, and possibly expand.

—G.A. Doeksen and V. Schott, “Economic importance of the health-care sector in a rural economy,” *Journal of Rural and Remote Health Research, Education, Practice and Policy*, June 2003.

Ideas suggested by local health professionals for possible new businesses in Homer:

- Joint replacement surgery
- Expanded cancer care
- Pediatric care
- Alzheimer’s care
- Substance addiction treatment
- Dermatology practice

Education

As in the health care sector, education is a major employer in Homer. A key difference is that most health care providers work in the private sector and most educators and support staff are government employees. (See *Government section of this plan for more discussion about this broad sector.*) A key similarity is the critical role that both health care and education play in the decisions of potential residents and business owners about whether to settle in a community or not. The quality of K-12 education is an important consideration for parents of school-age children (an important demographic group), and the presence of local workforce training programs will help to attract potential employers.

Homer schools within the Kenai Peninsula Borough School District are (in alphabetical order): Fireweed Academy (K-6 charter school), Homer Flex High School, Homer High School, Homer Middle School, Paul Banks Elementary School, and West Homer Elementary School.

A total of 1,164 students were enrolled in these schools for the 2008-2009 school year, a slight (2.1%) drop from the previous year. (Fireweed Academy, Homer Flex, and Homer High School experienced losses; Homer Middle, Paul Banks, and West Homer experienced gains.)¹⁶

The school district also operates the Connections program to support home-schooling on the Kenai Peninsula. In 2010, approximately 300 students in the Homer area were enrolled in the program.

Early childhood education is provided through the Birth-2-3 program, a non-profit organization. A federally-funded Head Start program operated by Chugachmiut (an Alaska Native health and social service organization), is headquartered in Homer. The economic value of these programs stems from the fact that a child's readiness for school is a strong indicator of how he or she will fare in life in the long term. One analysis found that every dollar spent on high-quality early childhood programs for disadvantaged children results in \$7 to \$9 in future savings to communities.¹⁷

Kenai Peninsula College's Kachemak Bay Campus serves as the focal point of the University of Alaska's programs and services on the southern Kenai Peninsula. Its value to the community was reflected in the fact that "making Homer more of a college town" and "expanding vocational education" received the most votes in an economic development public forum held in Homer in spring 2009.

While college towns have long been considered recession-resistant, their ability to avoid the depths of the financial crisis shaking the rest of the nation is noteworthy. The ones faring the best right now are not only major education centers; they also are regional health-care hubs that draw people into the city and benefit from a stable, educated, highly skilled work force.

—Kelly Evans, "Why College Towns are Looking Smart,"
Wall Street Journal, March 24, 2009.

¹⁶ Kenai Peninsula Borough School District data reported in *Kenai Peninsula Borough Situations and Prospects for Year Ending December 31, 2008*, p. 38.

¹⁷ Robert Duggar. "Investing in early-childhood programs would yield dividends for Ohio," *Cleveland.com*, June 14, 2009.

KPC offers two-year Associates of Arts and Associates of Applied Science degrees, as well as courses leading to vocational certificates and industry certification. Some programs leading to baccalaureate degrees can be earned at the Kachemak Bay Campus. A number of other four-year degree programs are available through KBC courses and distance delivery from other University of Alaska campuses. Continuing education and professional development programs are provided that include conferences, summer programs, Elderhostel, workshops, classes, and a visiting writers' series.¹⁸

A 2007 study prepared for the University of Alaska¹⁹ noted the following economic benefits of Alaska's university system:

- In FY 2007, for every dollar of State investment, the University created just over three dollars in total economic activity in the state, a total return on investment of 200%.
- The University of Alaska directly employed a peak of 8,000 workers in Alaska in 2006 (37 in Homer).
- In addition to its direct employment, UA indirectly supports approximately 7,100 jobs in the support sector of the Alaska economy.
- The payroll for the Kachemak Bay Campus in FY 2007 was \$900,000.
- An additional \$1.0 million was spent on goods and services in the Homer community.
- Nationally and in Alaska, 25 percent of all jobs require a 4-year degree or higher.
- As of 2006, two-thirds of the UA graduates from the classes of 1989 to 2006 were still living in Alaska.
- National data indicates that a female UA graduate earns nearly \$16,000 more per year than a female high school graduate while a male UA graduate earns almost 18,000 more than his high school educated peers (2006 dollars).

Specific recommendations for enhancing economic development through the education sector in Homer include:

- A. Support early childhood education programs in Homer.
- B. Support adequate funding for Kenai Peninsula School District operations in Homer, with an expansion of vocational-technical education.
- C. Support goals of the Kachemak Bay Campus of UAA-KPC, including consolidation of operations at the East Pioneer campus, expansion of the campus, and provision of student housing.
- D. Support expansion of educational programs to take advantage of emerging economic opportunities and/or to capitalize on Homer's existing strengths and assets, such as:
 1. Interest in green technology, local agriculture/sustainability, renewable energy, etc.
 2. Proximity to the sea and its resources
 3. Arts and culture

Some recommendations overlap with those involving the benefits of a skilled, educated workforce. See p. 11.

¹⁸ <http://www.homer.alaska.edu/about/index.html>

¹⁹ McDowell Group, "The Economic Impact of the University of Alaska, 2007 Update," February 2008.

Three Broad Sectors:

1. Construction and Manufacturing

The Construction and Manufacturing sectors include traditional building trades (employing architects and engineers, heavy equipment operators, carpenters, plumbers, welders, electricians, etc.) along with light manufacturing enterprises such as Nomar’s line of fleece clothing and soft luggage, Alpenglow handmade soaps, and Nomad Shelter yurts (to name a few). Some businesses in the Manufacturing sector overlap with the Marine Trades sector (e.g., boat building) or with the Arts sector (e.g., locally made jewelry, ceramics, and other art gallery items). Stretching the definition of manufacturing further allows us to include locally made beer, wine, and mead.



Nomad Shelter’s yurt business is an example of a manufacturing enterprise based in Homer.

as Spenard Builders Supply, Ulmers, and Safeway. Collectively, they employ hundreds of people and form a vital part of the local economy. Retail goods can be considered part of the basic economy if 1) people from outside the community are buying the products; or 2) locals are buying the products rather than purchasing similar items from sources outside the community (import substitution).

The latter point raises the topic of larger “big box” retailers, a discussion that has been a source of controversy in Homer since 2002, when the Kroger Company first broached the idea of building a 98,000 square foot Fred Meyer store in the Central Business District. Following a moratorium on construction of any store larger than 20,000 square feet, the footprint size cap was first set at 45,000 sf, then 66,000 sf, and is now at 75,000 sf in Homer’s commercial districts. (By way of comparison, the existing Safeway, including liquor store, is 30,250 sf.) As Homer and the surrounding area continue to grow, the need for a larger Fred Meyer or Wal-Mart type store is likely to become more apparent.

Many locally manufactured products are sold to individuals or other businesses outside the city, which makes them part of the basic economy that brings new money into the community. New manufacturing/light industry/export businesses should be encouraged for this reason and because they have potential to provide good year-round jobs.

new

2. Retail

A great many retail businesses in Homer do not primarily target tourists nor do they fit neatly into other economic sectors already described in this plan. They range in size from “mom and pop” businesses to much larger outlets such

new

3. Services

Likewise, Homer's service economy is strong and diverse. In addition to some of the service businesses mentioned elsewhere in this plan (e.g., health services), local businesses meet the needs of Homer residents and visitors in areas ranging from financial services to haircutting to legal assistance.

General recommendations for maximizing the benefits of these sectors (1, 2 and 3 above) include:

- A. Encourage enterprises that will provide jobs and other economic benefits without serious negative side effects; e.g., environmental pollution.
- B. Encourage value-added manufacturing to maximize local resources.
- C. Convey a "How can we help you?" attitude to assist prospective business owners and those seeking to expand existing businesses.
 1. Utilize zoning to ensure adequate land for different needs and publicize available land zoned for different purposes.
 2. Improve the permitting process to clearly communicate requirements and reduce time and frustration for applicants.
 3. Publicize resources provided by other organizations that can assist local business owners; e.g., the Small Business Development Center at the Homer Chamber of Commerce.
- D. Assist with efforts to publicize the availability of locally manufactured goods; promote local procurement of goods and services.

High tech/Internet Businesses

Many businesses in this sector; for example, Information Technology (IT) support services and website design; can also be classified in the Services sector. Other examples of high tech businesses include modern filmmaking/editing, computer-assisted graphic design/printing, software development, and Geographic Information System (GIS) services used for surveying and mapping.

While most if not all businesses in the 21st century utilize computers, Internet-based businesses comprise a special category, wherein the business owner markets and sells a product or service almost solely via the Internet. Because there is no visible retail outlet or office, these businesses may go largely unnoticed by the community at large, yet bring significant money into the community.

The availability of Internet/email service has also made it possible for some individuals to function as "lone eagles," or as the Homer Comprehensive Plan puts it, "footloose entrepreneurs." These are the individuals who could live almost anywhere and conduct business via Internet/email. In other words, their choice of where to live is based to a major extent on quality of life factors such as natural beauty, arts and culture, and recreational opportunities rather than factors such as availability of land, labor, or local markets.

Recommendations for growing these sectors of the Homer economy include:

- A. Support technical upgrades that benefit individuals and businesses who utilize these services extensively; e.g., high speed broadband Internet, improved cell phone service, and wireless connectivity.

- B. Market Homer's quality of life factors and suitability for high-tech/Internet based operations. Use marketing to counter the image of Homer and Alaska in general as too remote for modern business ventures to succeed.
- C. Support training opportunities for skill development in computer-related fields, including Internet-based commerce.

What Can Homer Do To Attract "Lone Eagle" Entrepreneurs?

Comments submitted by two area residents via email during development of the Comprehensive Economic Development Strategy. Comments have been edited for space.

My husband and I are what you would call "knowledge entrepreneurs." We are a good example of the kind of niche markets that are developing because of the Internet. We have customers from around the globe including Australia, Ireland, Italy, Singapore, Canada, and the U.S.

[In response to the question: Do you feel like Homer is currently providing the infrastructure your business needs?] For the most part, yes. We have printers, office supply, Internet, airport, computer folks and supplies etc. DSL needs to be improved in the outlying areas.

[In response to the question: What could we do to attract more lone eagles?] Keep the town attractive. Where you find the most migration to smaller towns is in those towns that have some sort of appeal. This cannot be overstated. If you travel around Oregon and Washington, or elsewhere, the small towns that are thriving are those that have appealed to people who can choose to live where they want and bring with them either retirement income or a small or home-based business. These towns survived the loss of the resource-focused boom/bust economies and reinvented themselves with what they had left. What these towns have to offer is predominantly natural beauty and access to outdoor activities or a quaint setting (like the coastal towns of Oregon and Washington). Homer has numerous benefits over some of these other small towns. Those assets should be advertised.

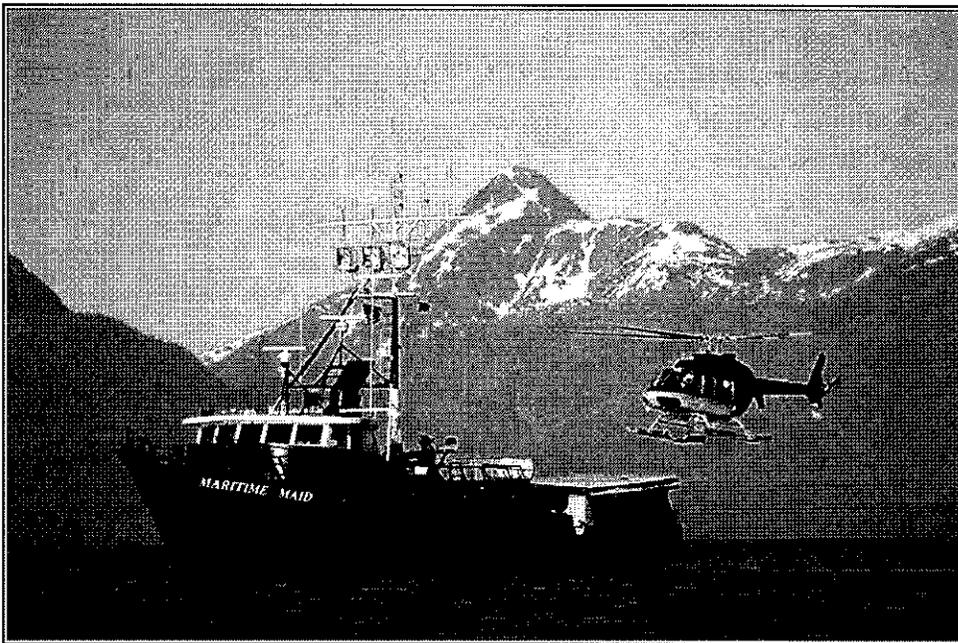
Your suggestion to promote "lone eagles" to live in Homer has merit. It capitalizes on Homer's main strength—quality of life. I was a "lone eagle" prior to my retirement. One type of "lone eagle" is the telecommuter. The list of occupations that this would include is almost endless. The following are areas to promote or improve to facilitate getting "lone eagles" to live in Homer:

- 1) For telecommuters it is necessary to have easy access to the fastest Internet and telecommunications networks available. Currently, Homer has no 3G nor do we have the fastest Internet connections.
- 2) For the old-fashioned commuter, easy, reliable, and affordable access to Anchorage is essential.
- 3) The "lone eagle" promotion should be carried out in state with North Slope workers, fishermen, offshore oil field workers, and miners from Red Dog and the potential Pebble project.
- 4) Homer must avoid putting up a negative image by putting up barriers to people and ideas.

Transportation and Warehousing

The Kenai Peninsula Borough includes the following types of businesses under the heading of Transportation and Warehousing: air transportation, water transportation, truck transportation, transit and ground transportation, pipeline, scenic and sightseeing, support activities, postal service, couriers and messengers, and warehousing and storage. (Guiding by land and guiding by water are classified under Tourism.) In 2008, there were 126 businesses licensed in this sector in Homer, with gross sales of \$19.4 million.²⁰

Homer benefits economically by having an airport, a float plane lake, a harbor that supports numerous water taxi businesses, and port facilities that include preferential berthing for Alaska Marine Highway vessels. (The Marine Highway can also be classified within the Government sector.) In 2010, Seldovia Village Tribe began offering passenger/light freight ferry service three times a day between Homer and Seldovia, aboard the *Kachemak Voyager*, expanding the options available for getting across the bay.



Maritime Helicopters, based in Homer, has been in business since 1973 supporting marine, petroleum, and construction industries as well as government agencies. In addition to a fleet of helicopters, the company operates the 86-foot vessel *Maritime Maid*, equipped for helicopter operations at sea.

(Photo and information from maritimehelicopters.com)

One of the most significant needs identified in Homer in the transportation sector is to provide containerized cargo handling capability at the Deep Water Dock. It is thought that with this capability, Homer will emerge as a major transportation hub for the Kenai Peninsula. Freight could be landed in Homer and trucked to outlets as far away as Kenai/Soldotna, eliminating the need to truck goods down from Anchorage and thus reducing costs. Dock expansion would also put Homer in a good position to provide staging for barged freight service to the Lake and Peninsula Borough via the Williamsport-Pile Bay Road or other facilities built to meet the needs of future resource development across Cook Inlet. The 30-acre industrial site at the base of the dock would support freight transfer operations.

Recommendations to enhance the transportation sector include:

²⁰Kenai Peninsula Borough, *Situations and Prospects for Year Ending December 31, 2008*, p. 224.

- A. Improve and expand Homer's Port and Harbor facilities, including expansion of the Deep Water Dock and construction of the proposed East Boat Harbor.
- B. Utilize lease policies to simultaneously benefit the broader community and individual business owners.
- C. Market Homer to attract new transportation-related businesses.
- D. Improve and expand Homer's overall transportation network in keeping with the goals of the Homer Comprehensive Plan, Transportation Plan, and Non-Motorized Transportation and Trails Plan.
- new* E. Support the development of a rail line connecting Homer to Anchorage.

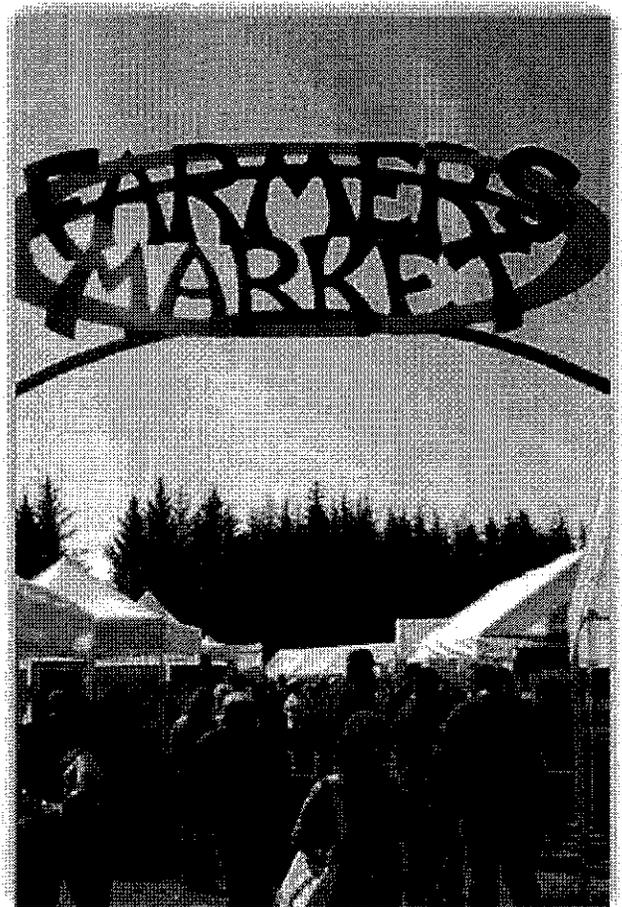
Agriculture

Although agricultural enterprises have been present in the Homer area since Delphina Woodard operated a dairy farm in downtown Homer in 1917, the agricultural sector of the local economy is, at this time, small. However, it is also widely seen as having great potential for growth, given the expected effects of global climate change (warmer temperatures/longer growing seasons), recognition of the need for local self-reliance in the age of dwindling oil supplies, and increasing interest in local/organic food on the part of consumers, including restaurant owners.

Many local growers of produce, livestock, and poultry live outside Homer city limits but contribute to the local economy through sales at local outlets (e.g., the Farmers Market) and by spending money from sales at local stores. Local restaurants also benefit by being able to tout their use of locally-grown produce.

In the Homer area, agricultural goods and produce include many vegetables, limited fruits, grass-fed beef, local eggs, and honey. Value-added products include jams, jellies, and mead made with local honey and berries. Some businesses sell nursery plants, seeds, soil, and compost. Recently, cut flowers, particularly peonies, have become a local economic enterprise, since peonies grow well in this climate and bloom at a time when they are not available elsewhere.

The Homer Farmers Market provides a low-cost venue for many local farmers. In operation seasonally since 2000, the Farmers Market attracts locals and visitors twice a week with booths featuring local handicrafts and prepared foods as well as fresh local produce, seedlings, and other agricultural offerings.



The Homer Farmers Market has become a popular destination in recent years.
(Photo courtesy of Homer Chamber of Commerce)

Farmers Market spokespeople have noted that local agriculture could benefit significantly through efforts to identify markets and connect producers with those markets. The Homer Farmers Market and Sustainable Homer were successful in obtaining a VISTA (Volunteer in Service to America) to assist in meeting this goal. The VISTA is coordinating a 3-year project launched in November 2010.

Farmer and writer Tom Philpott offers one prescription for helping local agriculture entrepreneurs succeed. (*See sidebar.*) Philpott, Michael Pollan, and other nationally known local food advocates have written extensively on the need for reform of agricultural policy at the federal level to assist smaller-scale farmers, reduce food miles traveled, and provide Americans with healthier food.

Recommendations made by Homer-area growers and advocates include the following:

- A. Provide the Homer Farmers Market with a permanent location; e.g., in the proposed Town Center.
- B. Advocate for a USDA-approved meat processing facility on the southern Kenai Peninsula. (Currently, local farmers who wish to sell their chickens, beef, or pork commercially must first take it to Anchorage to get the USDA stamp.)
- C. Support construction of a community cold storage/freezer facility. Investigate use of a sea water heat-exchange loop in the harbor to help reduce electrical usage of the facility.
- D. Support development of a “kitchen incubator” that provides food producers and processors in start-up and growth phases with access to technical assistance and shared facilities including a commercial kitchen, storage, and offices in a cooperative environment at below market rates. Such a facility would encourage the production of value-added local food products.
- E. Build a new greenhouse for the City to use for its plantings so that Homer High School can have a full year-long curriculum based around the greenhouses there. The new City greenhouse could be built as a demonstration project, easily accessible to the public and full of all the latest power-reducing technology.

Why “the market” alone can’t save local agriculture

The problem facing local food production isn’t lack of demand; it’s lack of infrastructure. To boost production, a given area’s small-scale farms need access to capital—to invest in farm equipment, composting capacity, washing and cooling facilities, and delivery trucks.

Since small farms generally lose money, they can hardly be counted on to make those investments themselves, and few banks are eager to invest in businesses with negative operating margins. Yet the situation need not be so bleak. The farmers who supply the nation’s farmers’ markets and CSAs, despite brutal economics, represent a huge asset. Communities, and the nation as a whole, should figure out ways to collectively leverage the passion of these growers. Not through direct payments—as with the current \$14.5 billion per year subsidy boondoggle—but rather through strategic investments in food-production infrastructure.

As for individuals, the way forward is clear: seek out farmers’ markets, CSAs, and restaurants that procure locally. And stifle your sticker shock. That two-dollar tomato will likely deliver an experience that can’t be bought at any price at a supermarket. The cheap-food regime under which we feed ourselves is really a costly scam.

—Tom Philpott, www.grist.org/article/local3

- F. Support efforts to encourage local food production, connect local farmers with markets, and publicize the benefits of “eating local.”
- G. Consider land use and/or tax incentives to take full advantage of the fact that the Homer bench is an extremely valuable agricultural microclimate.
- H. To increase the amount of land dedicated to agriculture and help meet local demand, establish a program whereby City crews and equipment will assist in turning lawns into garden plots, at either no or low cost to property owners.
- I. Eliminate the City sales tax on locally grown non-prepared food.
- J. Support changes in borough tax policy to classify greenhouses as “agricultural.” (Currently borough farm tax benefits apply only to fields, not to structures, so greenhouses are not taxed as agricultural but rather at the higher rate applied to any other structure.)
- K. Network and collaborate with University of Alaska–Fairbanks and Cooperative Extension Service personnel regarding research and funding opportunities; e.g., to support local food demonstration projects.
- L. Establish a Local Food Commission to further develop goals and strategies related to local agriculture/sustainability and facilitate achievement of the goals.

Retirees and Second-Home Residents

Anyone who has lived in Homer 20 years or more cannot fail to have noticed a change in demographics in our community. Not only has the average age of residents increased, but wealth is far more noticeable.

Part of the increase in average age is due to the fact that the American population as a whole is aging and Alaska is aging more than most states. In fact, the number of people age 65 and older grew faster in Alaska than in any other state between 1997 and 2007.²¹ Many Alaskans over age 65 have lived in the state for many years, if not their entire lives. Others moved to the state after retirement. Homer has attracted more retirees and second-home/part-time residents than most other destinations in Alaska.

Around the country, local and county governments tend to view retirees as an asset and some engage in active marketing to attract new residents from this demographic group. In truth, such governments are particularly interested in a subset of the senior population: those with enough money to enhance the tax base without placing a heavy burden on local services. Once again, Homer finds itself in an enviable position in this regard. Casual observation and anecdotal reports from local realtors reveal that the Homer area has become increasingly popular as a retirement/second-home location for wealthy or relatively well-off individuals and couples from Anchorage and the Lower 48 states.

As with many other forms of economic development, not all the consequences of senior migration to Homer are positive. Wealth from outside the community has been a factor in driving up real estate prices locally, making it harder for less wealthy individuals to afford housing. By state law, Alaskans age 65 years and older are exempt from property taxes on their primary residence up to the first \$150,000 of assessed value. (Local governments can extend the exemption above this cap if they wish. The City of Homer has not done so; however, the Kenai Peninsula Borough has increased the exemption to include the first \$300,000 of assessed value.) A policy of

²¹ Alaska Commission on Aging, “We’re #1: Alaska Tops in Senior Population Growth,” Feb. 17, 2009.

lower taxes on senior citizens increases the pressure on other residents to cover the costs of services provided by local government.

In a paper titled “**Chasing the Elderly: Can State and Local Governments Attract Recent Retirees?**,” the authors looked at a number of studies regarding factors that influence senior migration. They concluded:

...Returning to the question posed in the title of this paper, state and local fiscal policies do appear to influence location decisions, but they represent a secondary consideration in the migration decisions of most households.

What are the policy implications of our findings for policymakers contemplating strategies for attracting elder migrants? Changes in tax burdens and service levels can affect elder location decisions. Of the fiscal variables, inheritance taxes, income taxes, and property taxes have the largest relative effects. However, very large tax reductions would be required to attract even one more elder migrant to a county. Unless these tax breaks could be narrowly targeted to the group of elderly most likely to consider migrating, the revenue losses from such a program are likely to significantly outweigh the economic and fiscal benefits. Our results suggest that states should focus on marketing their amenities, rather than using fiscal policy to recruit retirees.

—William Duncombe, Mark Robins, and Douglas Wolf, “Chasing the Elderly: Can State and Local Governments Attract Recent Retirees?” Center for Policy Research, Maxwell School of Citizenship and Public Affairs, Syracuse University, September 2000, p. 26.

Recommendations for enhancing Homer’s economy by attracting retirees and second-home residents include:

- A. Recognize that quality of life factors (an attractive town, arts and culture, walkability, health services, etc.) are the most important in attracting retirees and second-home buyers. Focus on enhancing and marketing these features (which benefit all residents) rather than offering financial incentives to attract retirees.
- B. Support the growth of senior services in Homer; e.g., the programs and facilities of Homer Senior Citizens, Inc. and geriatric health services.
- C. Support efforts that result in vacation travel by seniors to Homer—e.g., through Elderhostel programs or on cruise ships—and seek to create a positive first impression for these visitors to help plant the idea of Homer as a place to retire or purchase a second home.

Government

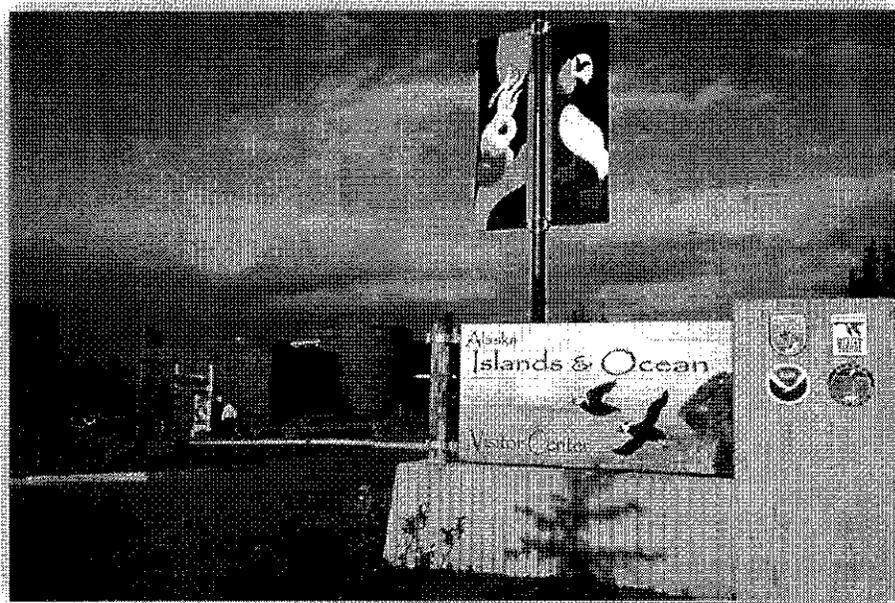
Local, borough, state, and federal government offices and agencies represent a major economic sector in Homer. Looking at state and federal government only, we see the following listed as having offices/operations in Homer:²²

²² 2010 ACS Yellow Pages, Kenai Peninsula, Government Offices section

STATE	FEDERAL
Court System	U.S. Dept. of Agriculture
Fish & Game, including Kachemak Bay National Estuarine Research Reserve	National Marine Fisheries Service
Health and Social Services (several programs)	National Oceanic and Atmospheric Administration
Dept. of Labor (Homer Job Center)	U.S. Coast Guard
Alaska Housing Finance Corp.	U.S. Fish & Wildlife – Alaska Maritime National Wildlife Refuge
Legislative Affairs	U.S. Dept. of the Interior – Indian Affairs
Division of Motor Vehicles	Post Office
Dept. of Natural Resources	Federal Aviation Administration
Alaska Marine Highway	
Homer Airport	
University of Alaska, Kenai Peninsula College, Kachemak Bay Branch	

Native tribes can also be considered governments. Seldovia Village Tribe and Chugachmiut operate facilities in Homer. Public school teachers are employees of the Kenai Peninsula Borough.

In the 2000 Census, 16.9 percent of individuals working in Homer were classified as “government workers.” Many are professionals with college degrees. It can be assumed that their wages, when spent locally, make a significant contribution to the local economy. Other financial benefits come from leased office space, moorage fees, money spent locally on procurement, etc.



The Alaska Islands and Ocean Visitor Center serves as headquarters for the Kachemak Bay Research Reserve (a program of the Alaska Department of Fish and Game and the National Oceanic and Atmospheric Administration) and the Alaska Maritime National Wildlife Refuge (part of the U.S. Fish and Wildlife Service). More than 40 people work at the Center, which is also a major tourist destination, attracting 70,000 visitors per year.

The following are general recommendations for maximizing the contributions of government as an economic sector in Homer:

- A. Advocate for expansion of borough, state, federal, and tribal government offices and programs in Homer, as appropriate. (Growth for the sake of growth is not justified.)
- B. Seek to understand the needs of government agencies in Homer and work cooperatively to ensure those needs are met for the mutual benefit of the agencies and the community. Be proactive in recognizing and addressing potential problems.
- C. Respond to requests for letters and resolutions of support by government agencies seeking funding for programs and facilities.
- D. Take advantage of opportunities for networking and collaboration to help foster positive relationships with representatives of government agencies.

DOWNTOWN VITALIZATION

Homer's first Comprehensive Development Plan (1969) includes this sentence on the first page:

"This plan outlines objectives for future development, emphasizing the need for a strong centralized downtown and the development of a road system that will encourage the economies of centralization, while providing a bypass route for industrial traffic."

More than 40 years later, Homer still lacks a strong centralized downtown. This is why the term "vitalization" is used in the section heading above, rather than "revitalization."

"Downtown" is a commonly used word, but what does it mean? Most of us can easily conjure up an image of a vibrant downtown: lots of people on foot in a relatively small, densely developed area; lots of activity; a multitude of shopping and dining options. People walk right by store and café windows and are enticed to go in. Outside, there are opportunities to sit on a park bench, drink a latte, and enjoy the view or people-watching. The best downtowns allow a mix of uses, including retail, office, and residential. Some include a central park, square, or commons.

Interestingly, Homer has many of the characteristics of a vibrant downtown in the area of the small boat harbor on the Homer Spit—at least in the summer. The Spit is characterized by park-and-walk activity and is a magnet for shopping and sightseeing, popular with locals and visitors alike. Can we create a downtown district in the heart of Homer with similar appeal, but with businesses open all year?

This, essentially, is the goal of the Homer Town Center Development Plan,

Some thoughts on "downtown"

A dense urban center creates a critical mass of people, ideas, products and activities that promote growth and trade... Really good downtowns are congested. Stop worrying about it—pray for it.

—Alan Jacobs, professor emeritus of city and regional planning, University of California, Berkeley

Downtown is everyone's neighborhood and the heart of the city.

—Bernard Lynch, City Manager, Lowell, MA

Great downtowns fill cities with life, and succeed when people come first. If you plan cities for cars and traffic, you get cars and traffic. If you plan for people and places, you get people and places.

—Fred Kent, Project for Public Spaces

Our town looks like a dump! No pride of ownership. No sense of downtown.

—respondent to City of Homer Citizen Survey, December 2002

Pioneer Street looks like a crappy jumble of a town according to tourists I've talked to. It's too bad.

—another respondent to City of Homer Citizen Survey, December 2002

Town Center will be a community focal point to provide for business development, instill a greater sense of pride in the downtown area, enhance mobility for all forms of transportation, and contribute to a higher quality of life.

—from the Homer Town Center Development Plan, April 2006

approved by the City Council in April 2006. The plan presents a vision of a “viable and vibrant Town Center” achieved through a mix of uses including commercial, residential, civic, and outdoor/open space. A 2003 study prepared by economist Steve Colt of the Institute of Social and Economic Research predicted that Town Center development, as envisioned at that time, would lead to 50% higher commercial taxable sales and 35% more revenue from property taxes in a 5-year period within the designated area, and that direct employment in the area would increase by about 33% over the same period.²³



Downtown Ithaca, New York (population 30,000) includes a “commons” and other features that make it an attractive destination.



Public markets can create a strong draw to a downtown district, as seen here in Fruitvale, California.

Momentum for developing Homer’s Town Center stalled in 2008 after the defeat of a ballot proposition that would have authorized selling bonds for the purpose of building a new city hall and adjacent plaza (“town square”). This project was intended to serve as the civic anchor for Town Center, provide some of the roads, sidewalks, and utilities infrastructure, and thus help attract additional (private) development.

In light of the public rejection of a new city hall/town square, it is recommended that downtown vitalization include the following strategies:

new language

- A. Complete master planning for the Town Center district.
 1. Identify preferred routes and design for new roads, trails, sidewalks, parking areas, and community open space. Consider the needs of RV drivers in parking plans.
 2. Work with landowners to accomplish land trades or lot line adjustments as needed for roads, trails, etc.
 3. Consider a public market as a primary anchor for Town Center development and include space for the market in the master plan. Work with Homer Farmers Market toward this goal.
- B. Emphasize connections to Pioneer Avenue, Main Street, and Old Town to help ensure that Town Center development benefits existing and future businesses in these areas.

²³ Steve Colt, “Fiscal and Economic Analysis of Homer Town Square Proposed Development Alternatives,” Institute of Social and Economic Research, University of Alaska Anchorage, April 10, 2003.

new

- C. Take steps to make Pioneer Avenue more appealing as a commercial district; e.g., through zoning changes and street improvements that encourage new businesses and help create a more attractive and pedestrian friendly corridor. Support similar improvements on Main Street and Bunnell Street.
- D. Seek funding from public and private sources to build the first roads, sidewalks, parking lots, and trails and provide utilities as outlined in the Town Center master plan. Establish a town square or commons to serve as the location for a public market and other events.
- E. Actively promote Town Center as a location for dense, attractive, mixed-use development in keeping with the overall vision for downtown vitalization.

Jobs at the Heart and Soul of a Community

All vital cities showcase at least one multi-use destination – an interesting place where people can go for a variety of activities that involve more than shopping. A multi-use destination that is the heart and soul of a community can both create an identity and generate good jobs and economic growth for that city.

A classic example is Granville Island, a tiny (38 acre) patch of waterfront in Vancouver, Canada... It is the most visited destination in British Columbia but has one of the smallest budgets for tourism advertising of any Vancouver destination.

The economic anchor is the Granville Island Market which has 50 full time local vendors that sell from market stalls, including a variety of small eating establishments with many different ethnic foods, and 45 spaces for part time vendors. And there are no chains! About 3,000 people are employed on the Island and it generates over \$215 million in economic activity each year.

More than a picturesque, public-spirited, feel-good trend, markets are potent economic incubators. People go to markets not only because they can buy the fresh food they need at a price they can afford but also because markets are sociable, fun places that make for a rewarding experience.

People often think of these spots as tourist havens, with the usual low-pay, no-future tourist jobs. But a closer look shows that tourists are not the primary force behind the economic success of these places. At the Granville Island Market the highest-performing vendor is the meat market, which shows that it is a major attraction for locals. No one is going to take fresh pork chops home on the airplane or fry sausage in their hotel room. In fact, the market is busiest in the off-season when tourists are more scarce in rainy Vancouver.

—from "Putting Our Jobs Back in Place," Project for Public Spaces, pps.org

New
Section

AN ORGANIZATIONAL STRUCTURE FOR ECONOMIC DEVELOPMENT

Almost everyone in the Homer community supports the idea of economic development and most would agree that there is room for improvement in that arena in our community. What are the current barriers to making these improvements?

As with many ambitious initiatives, lack of money, lack of time, and lack of organizational focus contribute to lack of progress. This section of the CEDS is intended to address these issues.

Existing structure

The organizations currently working to promote economic development in Homer are primarily the City of Homer, the Homer Chamber of Commerce, the Kenai Peninsula Economic Development District (KPEDD), and the Kenai Peninsula Tourism Marketing Council (KPTMC).

The KPEDD is an Alaska Regional Development Organization with offices in Kenai. It manages a business incubator on site along with two revolving loan programs and has a contract with the Kenai Peninsula Borough to produce the Kenai Peninsula Comprehensive Economic Development Strategy. The EDD also sponsors annual or semi-annual forums during which economic development topics are presented. The EDD does little to promote individual communities.

Likewise, the Kenai Peninsula Tourism Marketing Council focuses on the entire peninsula. Tourism is the only economic sector that is promoted by KPTMC.

The Homer Chamber of Commerce (“the Chamber”) is a member-based organization whose mission is “to promote cooperative economic development that preserves the essence of the community while enhancing the quality of life.” The Chamber operates a visitor information center, produces an annual visitors guide, sponsors events such as the Homer Halibut Derby and Kachemak Bay Shorebird Festival, and in general works to promote Homer and support local businesses both to the resident population (as with its Buy Local campaign) and to potential visitors. While the Chamber’s structure includes an Economic Development Committee, the all-volunteer nature of the committee and lack of funding limits what it can accomplish.

The City of Homer does not have an economic development department or division. Among its advisory bodies is an Economic Development Commission which has existed off and on since 1993. The commission is currently staffed by the Special Projects Coordinator who has many other responsibilities and no real background in economic development. The City’s economic development activities mostly consist of support and fundraising for specific capital improvement projects aimed at upgrading or expanding public infrastructure and other facilities.

Recommendations for a new structure

1. The City of Homer (as opposed to the Chamber of Commerce or a new independent organization) should provide the governing structure for an Office of Economic Development (OED).

While the City would continue to work closely with the Chamber of Commerce to promote Homer, it makes sense that local government should assume a broad economic development role which seeks to benefit the

public at large and future generations. Clear lines of authority and an established budget process will facilitate creation and management of the OED.

2. The geographic reach of the new economic development efforts should be the greater Homer area, to include Homer, Diamond Ridge, Kachemak City, and Fritz Creek.

While an argument could be made for limiting the reach to City of Homer boundaries only, this would greatly reduce the impact of the efforts and would ignore the reality that most of the people in the areas named above consider themselves part of the Homer community. The fact that the City of Homer already allows non-residents to serve on advisory bodies reflects this reality.

3. The Office of Economic Development should be funded through a modest local bed tax.

While taxes are always a touchy subject, the fact is that the OED will not be effective without funding for a director of some sort and a budget for office expenses and program activities. The money has to come from somewhere. If it comes from existing City revenues, it would be at the expense of other City efforts.

Under state law (As 29.45.700), the Kenai Peninsula Borough could grant permission to the City of Homer to enact a local bed tax, without requiring a vote of the entire KPB electorate. Approval by voters in the affected area would still be needed to enact the tax, which could be dedicated to support the OED and, perhaps, other economic development efforts. (Some cities, for example, use bed tax revenues to finance construction and operation of conference center facilities. *See Tourism/Visitor Industry section.*)

How much revenue would a bed tax raise? If we assume that there are 1,000 rooms in the area's hotels and B&Bs, rented out for 100 nights per year at an average of \$150 per night,²⁴ a 4% bed tax would mean an extra \$6 per night per room. Multiply this by 100 nights = \$600. Multiply this by 1000 rooms = \$600,000 collected annually. Even after covering the costs of collecting the tax, this should be enough to fund an Office of Economic Development and cover the costs of a conference center—yet the local bed tax rate would be less than one-third of the national average of 12.6%.²⁵

The location of the economic development function in a local government sends an important signal to existing and potential businesses as well as the local government's operating departments. For small local governments, it is common to find an economic development coordinator who works for the government's chief executive officer in a staff capacity... This person may be the single point of contact in the organization for handling requests for information about the community, undertaking staff work about tax incentives, and generally seeing that other local government departments are responsive to business needs.

—An Economic Development Toolbox, APA, p. 38.

²⁴ Estimate provided by Paul Dauphinais, Executive Director, Homer Chamber of Commerce.

²⁵ Reported by American Hotel and Lodging Association, June 2008.

Specific activities and programs of an Office of Economic Development might include:

- Serve as the primary point of contact for individuals seeking information on starting or relocating a business in Homer.
- Guide those seeking assistance to other appropriate resources, such as the Small Business Development Center, Planning and Public Works staff, the Chamber of Commerce, or the Kenai Peninsula Economic Development District.
- Maintain the DoingBusinessInHomer.com website.
- Serve as liaison with the Planning Department to help business owners understand relevant City codes and navigate the permitting process as efficiently as possible.
- Provide staff support to the Economic Development Commission. Assist with updates of the Comprehensive Economic Development Strategy.
- Facilitate development of a local angel investing network.
- Serve on economic development related task forces and committees, as requested.
- Help coordinate local economic development forums and events.
- If a conference center is built as a City facility, market and manage the facility for maximum community benefit.
- In general, work with other groups and individuals to identify and implement specific strategies for enhancing economic development in the Homer area.

new **CONCLUSION**

Homer is fortunate to have earned a reputation for its beautiful setting, abundance of outdoor recreation activities, arts and culture, and unique small town charm. The economy is also reasonably diversified and healthy. However, as Homer grows, it would benefit from more focused attention on economic development to attract and retain the types of enterprises that provide good jobs and contribute to the overall vibrancy and long-term well-being of the community. This plan provides concrete recommendations which build on Homer's existing assets and, if implemented, will promote business and commerce while preserving and enhancing the quality-of-life characteristics that are so valued by residents and visitors.

