

**NOTICE OF MEETING  
REGULAR MEETING AGENDA**

**1. CALL TO ORDER, PLEDGE OF ALLEGIANCE**

**2. APPROVAL OF THE AGENDA**

**3. PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA**

**4. RECONSIDERATION**

**5. APPROVAL OF MINUTES**

- A. November 10, 2015 Regular Meeting Minutes **Page 3**

**6. VISITORS/PRESENTATIONS**

**7. STAFF & COUNCIL REPORT/CHAMBER OF COMMERCE & MARINE TRADES ASSOCIATION  
REPORT/ COMMITTEE REPORTS/BOROUGH REPORT**

**8. PUBLIC HEARING**

**9. PENDING BUSINESS**

- A. Pioneer Avenue Revitalization Project **Page 7**
- B. Economic Engines – Notes from Councilmember Zak & CEDS excerpt **Page 23**
- i. EDC's role in working toward shovel-ready projects
  - ii. Is shovel-ready the best way for our community
  - iii. Economic Development Director

**10. NEW BUSINESS**

**11. INFORMATIONAL ITEMS**

- A. City Manager's Report December 7, 2015 **Page 62**

**12. COMMENTS OF THE AUDIENCE**

**13. COMMENTS OF THE CITY STAFF**

**14. COMMENTS OF THE COUNCILMEMBER *(If one is assigned)***

**15. COMMENTS OF THE CHAIR**

**16. COMMENTS OF THE COMMISSION**

**17. ADJOURNMENT/NEXT REGULAR MEETING IS SCHEDULED FOR TUESDAY, JANUARY 12, 2016 at  
6:00 p.m. in the City Hall Cowles Council Chambers located at 491 E. Pioneer Ave, Homer, Alaska.**



Session 15-06 a Regular Meeting of the Economic Development Advisory Commission was called to order by Chair Brown at 6:00 p.m. on November 10, 2015 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMISSIONER BROWN, MARKS, SPRAGUE, STANISLAW

ABSENT: SANSOM

STAFF: DEPUTY CITY CLERK JACOBSEN

### **AGENDA APPROVAL**

MARKS/SPRAGUE MOVED TO APPROVE THE AGENDA

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

### **PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA**

### **RECONSIDERATION**

### **APPROVAL OF MINUTES**

A. Regular Meeting Minutes of October 13, 2015

MARKS/SPRAGUE MOVED TO APPROVE THE MINUTES.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

### **VISITORS**

A. Bryan Hawkins, Port Director/Harbormaster – Update on harbor activities and improvements

Harbormaster Hawkins opened his presentation with a historic overview of the development of the harbor. He reviewed ongoing and completed harbor projects, about 22 projects over the past two years totaling \$28 million worth of improvements. He explained most of the money came through grants and the burden to the enterprise was \$5.7 million.

He talked about the Deep Water Dock Feasibility Study and presented them with a copy the brochure titled *Homer, Alaska Deep Water & Pioneer Docks Marine Support, Business Begins Where Land Ends*. It's promotional material that will be sent out to shippers and people they work with throughout the year, and will be taken the trade shows as well. The Port teams up with the Marine Trades Association, which is made up of over 70 area businesses, at trade shows. They will be traveling to the Pacific Marine Expo in Seattle, and also the Anchorage Spring Boat Show to promote port and harbor activities in the state and lower 48. They support the Chamber by assisting with the Winter King Debry, the Halibut Derby, and at the Seattle Spring Boat Show. They are a member of the Alaska Association of Harbormasters and Port Administrators (AAHPA) which has been meeting now for 42 years and has membership of over 40 state harbors. The association works to focus on the support, communication, and funding with a unified voice in government. This year he was elected as Vice President. AAHPA will be attending the upcoming Alaska Municipal League (AML) conference to promote ports and harbors as a lot of their project funding comes from the state so they need support for the Municipal Harbor Grant Program. One of the problems that AAHPA is working on that affects the state is abandoned and derelict vessels. The Port & Harbor is also involved with the Cook Inlet Harbor Safety Committee which is formed by the Coast Guard Captain of the Port and focuses on marine transportation in Cook Inlet. Membership with this group also puts us in the conversation with the Alaska LNG project with the transportation of the carries that will be coming through Cook Inlet when that project comes together. The magnitude of the LNG project is something we've not seen before.

In response to questions there was discussion with the Commission on the sheet pile dock project, parking, the LNG project, budget and reserves, and marine repair haul out facility.

#### **STAFF & COUNCIL REPORT/CHAMBER OF COMMERCE & MARINE TRADES ASSOCIATION REPORT/ COMMITTEE REPORTS/BOROUGH REPORT**

Councilmember Zak talked to the Commission about the open house that was held the previous night, the new online budget tool and online survey.

Karen Zak, Homer Chamber of Commerce Executive Director, and Tom Stroozas, Chamber Board President, presented on the Chamber's activities. The City and the Chamber entered into a three-year marketing agreement in 2014. The Chamber has a dual operation, both a business advocate and visitor information center. Services the Chamber offers include:

- Makes sales calls to potential tradeshow, convention, and conference prospects
- Participates in regional advisory committees engaged in business and industry development
- Exhibit at various conference shows and special events
- Conduct Homer familiarization tours and product development activities
- Oversight of special community-wide events
- Business after-hours, member luncheons, Small Business Development Center
- Host prospective meeting planners and clients to promote business and tourism
- Promote Homer for tourism and new businesses
- Operates a Visitor Information Center

The group discussed the proposed cut to the chamber funding provided in the 2016 budget and what that may look like for the chamber. They also addressed what other communities do to help fund

their chamber, for example, Seward has a bed tax, Soldotna has sales tax revenue from Fred Meyer and Kenai has revenue from Wal-Mart.

Nickie Knight gave a brief overview of InnovateHer 2016 the innovating for women business challenge taking place November 21<sup>st</sup>.

## **PUBLIC HEARINGS**

## **PENDING BUSINESS**

### **A. Pioneer Avenue Revitalization Project**

This was postponed to the next meeting by consensus of the Commission.

- B. Economic Engines – Notes from Councilmember Zak & CEDS excerpt**
  - i. EDC's role in working toward shovel-ready projects
  - ii. Is shovel-ready the best way for our community
  - iii. Economic Development Director

This was postponed to the next meeting by consensus of the Commission.

## **NEW BUSINESS**

### **A. Memorandum from City Clerk Re: Approval of Commission meeting schedule for 2016**

ARNO/MARKS MOVED TO APPROVE THE MEETING SCHEDULE FOR 2016.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

## **INFORMATIONAL ITEMS**

- A. City Manager's Report October 26, 2015**
- B. Memorandum from Deputy City Clerk re: EDC Meeting Speakers Scheduled & Pending**
- C. Memorandum 15-165 Appointment of Ken Sprague to the Economic Development Advisory Commission**
- D. Commissioner Attendance list for City Council Meetings**

## **COMMENTS OF THE AUDIENCE**

## **COMMENTS OF CITY STAFF**

## **COMMENTS OF THE COUNCILMEMBER**

ECONOMIC DEVELOPMENT ADVISORY COMMISSION  
REGULAR MEETING  
NOVEMBER10, 2015

Councilmember Zak commented the UAA Chancellor would be speaking at Lands' End, November 11<sup>th</sup> at noon.

**COMMENTS OF THE CHAIR**

Chair Brown thanked everyone for participating tonight.

**COMMENTS OF THE COMMISSION**

Commissioner Arno said it was nice to see everyone tonight.

Commissioner Sprague said it was a very informative meeting.

Commissioner Marks asked about the December visitor and thanked everyone for their input tonight.

**ADJOURN**

There being no further business to come before the Commission the meeting adjourned at 7:53 p.m. The next regular meeting is scheduled for Tuesday, December 8, 2015 at 6:00 p.m. at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

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MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

Approved:\_\_\_\_\_

**From:** Adele Person <adele@bunnellarts.org>  
**Sent:** Wednesday, October 28, 2015 10:59 AM  
**To:** homer-arts-and-culture-alliance@googlegroups.com; Melissa Jacobsen; Renee Krause; Karen Zak; Megan Murphy  
**Cc:** Misty Worland; Art Shop Gallery  
**Subject:** Pioneer Ave Revitalization (part 1) "I WISH THIS SPACE WAS..." photoshoot

*(Renee and Melissa, would you forward these three emails to PAC and EDAC committee members so they can have the images in color? Misty would you forward to Patrick and / or Katie as you feel appropriate?)*

Greetings Homer Arts and Culture Alliance, Economic Development Advisory Commission, Public Art Committee, Homer Chamber of Commerce, and others interested in a vibrant Pioneer Ave. *(feel free to forward)*

There is much interest brewing about revitalizing our downtown corridor along Pioneer Avenue. We have been collecting images of the conditions along Pioneer so they can be addressed by the many people and entities that would like to see Pioneer Avenue be a vibrant and healthy place to do business, work, play, live, visit and be. I will send some of these images in three emails today:

This first one, "I WISH THIS SPACE WAS.." catalogs some of the vacant buildings along East Pioneer. *(more to do.. we didn't get to West Pioneer)*. The second CONCRETE SPRAWL shows some of the concrete and lack of crosswalks that makes Pioneer a less-than-stellar place to explore and enjoy. The third STOREFRONTS shows occupied buildings that might benefit from improvements to storefronts and streetscapes.

Pioneer Ave Revitalization (Part 1) I WISH THIS SPACE WAS...

Here are images of vacant buildings along East Pioneer Ave. Perhaps something like Shunpike's [Seattle Storefronts Project](#) to spark interest and investment in some of these vacant, primetime storefronts.











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**Subject:** Pioneer Ave Revitalization (part 2) CONCRETE SPRAWL

Pioneer Ave Revitalization (part 2) Concrete sprawl.

In a shopping district, a visitor might drive to one business and then walk across the street or next door to explore a second store. Visitors along Pioneer, however, find themselves on sidewalks that are often undifferentiated from the parking lots. This discourages exploration. The lack of density makes it seem there isn't much to do, even though there are some incredible businesses along Pioneer. When a sidewalk is directly next to the road and fully flanked by a parking lot on the other side, it is an unpleasant place to be. These spots are especially loud, dusty, gravelly and unsightly. They feel unsafe and often are unsafe as vehicles encroach on them to park or back out of parking.

Pioneer is a DOT right of way and DOT is looking at Pioneer renovation somewhere in the next 2-8 years. But perhaps we could tap HART funds for improvements to the walking and biking infrastructure along Pioneer. It would possibly be a new use for HART funds, but an argument could be made that upgrades to this transportation corridor will benefit us all. However, it brings up the very real issue of funding annual maintenance, and the very real issue of who bears the responsibility for maintenance: the City, the State, or others.

Solutions found in other communities include:

- Large planters to add some greenery and separate parking lots from sidewalks.
- Garden spots (community and business driven.. )
- Better marking the entrances and exits to parking lots.
- Generally improving the visual look of the Streetscape: Murals, storefronts.
- The addition of on-street parking.
- Regular street sweeping (maintenance funding being critical)
- Clearly designing how foot traffic gets to the front door of a business, whether from the sidewalk, parking lot, or business next door. "Walking Audits"

Here are some images:

First some nice examples of sidewalks pulled away from the road and right to the front door of a building.



Here you can see the footpath where people prefer to cut across the grass to avoid walking right next to the road:



Across the street, two nice looking buildings with a large shed in need of painting between them. Could plant more vegetation around signs. Could add large planter on lot line between ACS and Upstairs Boutique building to break up this long stretch of concrete.



Frontier building is an attractive building.. not such a pretty canvas:



Nice building.. not such a pretty canvas:



Note car encroaching on sidewalk here:

Planters like this one in front of the Refuge chapel could be added to create a border between parking lot and sidewalk would help designate space and protect pedestrians:



No Crosswalk across most streets intersecting with Pioneer. Not enough crosswalks across Pioneer. New 4way stop on Main and Pioneer helps at least one crossing.



KBay Cafe has since moved into this building and renovated. Still a very large stretch of gravel parking lot to walk by. KBay has usage spikes where they need a great deal of parking. How can we make Pioneer park-and-walk friendly to better serve this area as a shopping district?



If we used pavement more conservatively, could we reduce plowing costs for businesses and government?



A particularly dusty stretch:



Where is the 'driveway' and where is the sidewalk?:



A fine remodel of a building on Pioneer. Note the instinct to pull the sidewalk away from the road and drive foot traffic directly to the door of the business. Also the difference in feel when there is green space and something attractive to look at.



A sidewalk with greenspace between it and the road for at least a short stretch. We do have particularly tough conditions of snow, ice, gravel and dust to deal with. Perennial and evergreen plantings and removing built up sand after years of sanding/plowing might help. Residents and businesses bear more responsibility for the sidewalks in front of their spaces in other communities because it is in their interest to present an attractive storefront:



A mural or other point of interest greatly improves the look and feel of a shopping district:



A nicely maintained stretch with greenspace, separated sidewalk, interesting things to look at and a vibrant business. Some built up sand and gravel could be scraped away:



Rough broken pavement:



No designation between parking lot and sidewalk:



Lots of wonderful businesses. Lots of great models. And lots of small projects that could make a big difference to attract people and business to this area.

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**Subject:** Pioneer Ave Revitalization (part 3) STOREFRONTS

Pioneer Ave Revitalization (part 3) Storefronts, or Buildings that could use some TLC

These buildings are occupied, but might benefit from storefront and grounds facelifts. This could be sparked by a program like [Soldotna's](#) Storefront renovation program. We want to preserve the character and history of Homer, while encouraging investment and civic pride.



ACS warehouse



Captains badly needs repainting



Hostel



and the HERC building



## Jordan Stakehouse from the City of Whitehorse – Economic Development

Sunday, October 4, 2015

NOTE: Tourism and a conference center was public / private use. In the case of Whitehorse convention center a hotel built it.

### Economic Development in protected lands:

1. Dr. Steve Cohn with BLM. Doing work with communities to further their aspirations. 70M acres of land in Alaska, use with sustained yield of renewable resources
  - Very Commodity focused
  - Leased 8M animal units per month / cattle and its mother
  - Things have changed for the DLM so you see a rise in population to the sunnier west. So land is on the edge of growing cities. So, thinking about Federal lands and the potential they serve as community assets. For example Red Rock Canyon outskirts of Las Vegas 2M visitors a year.
  - Ecosystem services for communities and populations. Areas of public land develop private lands in the boundary of St. George for desert tortoise.
  - White Tank Mountain Regional Park – outside of Tucson
  - Vision Statements of how communities see the federal land fitting into the community. Joint Park and protected area concept involving federal lands to connect trails to the community of Wickenburg.
  - Southern Nevada Public Land Management Act of 2005. Land was sold but kept for community services. Provide offsets in ecosystem values for development of other areas. Public lands may be a place to absorb those offsets. Preservation and restoration actions.
  - Jack Wade Creek demo product, provided employment but brought back the stream more suitable for fish.
2. Barbara Coffee – the City of Henderson, Nevada
  - Henderson, NV redevelopment project. Nevada wins the award as it has the most protected lands. Federal lands surround Henderson, NV. Lake Las Vegas 2006 Lakemoor Development, LLC survived the recession and is coming back again. Across the street project site for mining magnesium. Three kids mine Henderson, NV. A graffiti artist created the art look it up. Going to call it Lake More Canyon, 753 acres of Residential, 28 acres of public

institutional land. Commercial 40 sites, 238 Parks and open spaces. There are processes and you have to follow them when you work with BLM and these take time to follow. 45 years to collect the tax increment.

### 3. Diane Wieland, - Director of Cape May tourism and marketing awards

- New Jersey, eco tourism opportunities. Cape May County, New Jersey
- Very small tip of New Jersey, 267 square miles
- Rarely have snow; if it falls the next day it is gone. 95,000 people in the winter 795,000 in the summer.
- No chain hotels, all mom and pops 15,000 room. 5.9 M in tourism revenue.
- What's changed is how we recognize what ecotourism has done.
- 1989, the county put on an open space farmland protection referendum. Open Space and Farmland Preservation and Wildlife Management Areas.
- Birding refuge areas.
- Many organizations that we had to work with. Protected Land Agencies slide . . .
- Eco tourism on protected land. 11% of all tourism expenditures in Cape May County come from nature based activities, with 75% from birding. Eco-Tourism generated \$639.9 million in 2014.
- In New Jersey, the average per person spending on watchable wildlife is \$624. In Cape May County that number is \$465 per person per trip. There were 1.37 million eco-based trips to Cape May County in 2014.
- 30 M people living in a 3 hr. area of Cape May County.
- Snowy Owl study.
- They have plants in the county that grow the furthest note.
- What Diane looks at is why do tourists come
  - o Birding -
  - o Biking Trails – business up 22% by extending a bike trail
  - o Nature Trails/Walks – non-profits give tours
  - o Golf Course
  - o Zoo – free zoo, 20-acre savannah expansion. 1 M visitors
- Cape May County and Israel, where you could be birding in the morning, on the beach in the afternoon, and in the spa later. Only two places in the world that has this.
- In the 1950's had to follow the school calendar, ten years ago 10% eco tourism now it is 22%

### 3. Kelly Danielson, began her career as a Director of a Chamber of Commerce, then State Departments of Commerce. Working in Montana

- Measureable Economic Development Resources in Protected Lands. Are protected lands a driver of economy? Data on non-metro areas. A lot of data on line Headwaters Economics has data on line about these measures. The lands are mostly located in 286 non-metro counties in the

west. Just nine counties with more than 1 million acres in the West of protected public lands. Glacier National Park and Flathead

- Between 1990 and 2010 per capital the income is \$436 dollars higher for every protected acre within the boundary. On average, from 1990 to 2010, income grew \$237 faster per person and investment income grew 175 faster per person for every 10,000 acres of protected public lands.
- Slides are available if you ask Kelly Danielson
- Protected lands in Montana product \$6M annually.
- Flathead area was discovered and homes are being built in the Flathead. 60% of the population live in the county, they want their five acres and a view. The crown of the continent, 19% on the Montana side population was 161,000 people live in the crown. 81% on the Canadian side. Castle Provincial Park next to Waterton Park, to Glacier Park. Ends commercial timber and access to new petroleum and gas leases.
- Employment in Flathead County and the in-migration of people living see slide.
- Whitefish Mountain Ski Resort – value and family atmosphere
- 80% of land in their county is federally owned
- Slides how medium income and housing costs.
- How people are employed as well as in retail. Wages are challenging for the workers, so this is one of the challenges and there are means to effect housing affordability.

Question: About how the film industry has improved your Alaskan economy. Look at your community strengths and go with that and start marketing them.

Alaska has clean water in relative abundance. We could be marketing our clean water. Could sell the bottles in the cabin?

What does your community want – example of Wickenburg, because they you seek and attract developer partners.

People want to experience what you have to offer, how are we going to create interest as a destination.

All of the presentations should be on the website.

Day 2 150K leveraging 300K  
Open Development on a Shoestring

French River Canada  
Business Guide

ICE - 20K leveraged an additional 120K private sector, Canada government 80K, some skin in the game from a bank. Total 1.5M projects.

IEDC project – no cost made money. Opened a satellite office had very good KPR results. Great impact in Eldon County. Country contributes 250K a year and it helps . . . \$3K per job created.

Skills of people covering mostly people so hire right.  
Just when you need you staff to do more with less, networking and making connections. Continually invest more in your staff. Need to arm our economic best practitioners with tools of best practice, and help them receive their designation. Coach ability and desire to learn – coachable people always look for and listen to improve. Hire slow, fire fast. We need all of our people on the same path. Build your network of high caliber contacts.

30 Years trying to build an industrial park – Great Falls  
Sold lots to Fed Ex  
Sold the first 116 acres  
Helena Steel

So how did we do this? Six years ago we did not have a single ready to build industrial lot. You know your clients, they delay, and delay and then they say we have customers that we have promised our products to.

1. Private and public, pro bono support
2. We got 250K of work donated by our investors
3. We found a family trust willing to do a 20 year rolling option on
4. 8,000K per acre and mark the price up to cover our costs
5. Local tenants were willing to buy in so that we had some cash
6. We discounted and closed before all of the financing in place, we sold them land at 12K per acre and worked with them to help us with utilities.
7. Our city could not contribute so we needed to find a way to come up with 5M to put in sewer, rail, etc.; we have a 15 Year TIP agreement where when they generate tax revenue we get. We put up half by taking some of our economic development loan funds; if there are not enough TIPS then we do not get paid back. It is shared risk.
8. We formed a tax force that met every two weeks, BNSF, Utility companies and we worked through issue by issue.
9. We hired some consultants who were willing to defer some payments.
10. We had to go to the bank and we borrowed small amounts of money without assets.
11. We did win an award for 1.3M from EDA but we had to turn it down. We have done it and want to break even over time.

Catherine Timco –  
Business attraction  
First project South Beach – first client was CIRI  
10% of what we do is hard-core focused media. I tend to work with dark grey cities, none of which have any money. We use Metrics, marketing and stalking to get what we want.

DC. Was considered dark, dangerous and. We were in receivership and no one was willing to come downtown. One of the architects made a button that asked me about "Ask me about DC retail". Our competitor was a Tyson's corner. We have been for ten years one of the top ten retail regions in the U.S.

Then Newark New Jersey – want a grocery store, no money

272K people and no grocer. We went to the national grocers. Told them I had 272,000 people that are driving 20 miles to buy food. Shop Right and then Whole foods came. Happen to be on an airplane – Stalking looking to get retail. Happen to get off an Amtrak train; walked into do you have an appointment. Then started DC USA. Demographics were

Bloomingtondale, if you know where there office is go see them.

How much did it cost for the website . . . ballpark websites are under 8K, ongoing marketing scalable. If you would like more about I can connect you.

How much income from the railroad industrial park income. If we were successful the City would get 8M for sewer and future taxes. The phasing of this is to always have one or two lots that are shovel ready. Right now you could buy a lot of 20 or 30 acres and pull a permit today. The park association will own the railroad and BNSF will operate it. The water the sewer the road owned by the city.

We went and looked at parks, with retail and truck access – ten acres would be the minimum, so are first lots were ten to 60 acres, but we have much more 50,000 acres.

Connecting the dots – In all of the cities, dots turn into heads, and then connecting people. Connecting people to people and people to businesses. Investing in your staff to come to conferences – string theory.

One of the things we learned was to make your local officials know what was going on. Corey Booker went in for the kill when he was sitting next to the owner of whole foods.

Staging infrastructure

Strategic Plan – I did it myself

SWOT - \$1,500

Less then \$5,000 I can prepare a strategic plan for a community

If a tenant wants to lease we have local real estate investors who would buy the land and mark it up.

1<sup>st</sup> Plenary

Key drivers of competitiveness of the MOU

Identifying successful best practices

1966 HKTDC Hong Kong gives HK businesses world opportunities 650 World Trade Missions. MOU increased bilateral – increase number of business connections

Nolan during break shared his customers are Economic Development organizations but also share that Eulia has knowledge about how to measure the impact of an event. They would like to do a test impact of an item to show how they are able to do this.

JoAnn Carey – Chair IEDC

Strategic Priorities in Ft. Worth –

Workforce Developments – especially those who are underemployed or want to work. Innovative workforce strategy. Inclusive economic development. Equity as a research project.

Leadership Development – Identifying and empowering the next generation. Panels of young professionals working in economic development. EDRP – engaging young and diverse workforce free off of website to IEDC members. Also, working to make Certified Economic Development credentials achievable.

Economic Development Research - Foreign direct investments course offered earlier this year through contribution from Chase. How institutes of Higher education can work together. IEDC / UEDA before this conference on Thursday on how to work together. How to bring back jobs that have moved overseas. Two-year project based on grant, new white paper National Assessment as reshoring resources. Take a look at the white paper on our website.

International element – here in Anchorage we have over 900 professionals from around the world. Strengthening relationships with our partners. Hosting delegations at our office in DC, - the relationships we have developed and continue to develop.

Bill Popp introducing Ethan Burkowitz - One of the exciting things about living here is that “Every person can make a difference”. Anchorage is a hub community for all of Alaska. In a very real sense the whole world is tied together by fiber optic. Reliance builds . . . , the more the individuals in our individual communities – for individuals to be able to forge their own way in Alaska.

Chris Hladick – commissioner of introducing Gov. Walker

Governor Walker – To improve living conditions and . . . , healthy families and communities, and . . .

1987 AEDC started and has 30+ board members

We have a problem as a state as 95% of our budget came from one commodity. Alaska, we need \$109 oil to balance our budget. Our pipeline is 75% empty. We have a pipeline and we have oil. We recently had bad news with Shell, and they were not successful – but each cast for shell cost 1.4 M or billion dollars per cast.

We reinjection 1.5M gallons of gas back each year.  
Governor Hickel – globe look at Alaska from the top down.  
Pogo mine did not land but pouring the 3  
If we were a country we would be the 8<sup>th</sup> largest tin the world.  
Iceland has the lowest coast energy because of geo thermal  
We do the opposite we have raw product and we send it out.  
We need low cost energy. My passion is to bring down the cost of energy.  
President Obama visited us – since he has been back in DC he has been non-stop talking about Alaska. Bernie Carl – Chena Hot Springs, we do not have a wealth problem we have a cash flow problem. We need to make sure we have an environment that is welcoming. We need to make our financial in order.  
Saudi Arabia 40 Billion dollars a month deficit, Alaska is 20M dollars a month.  
My Lt. Governor - so fortunate to be non-partisan  
Local government is non-partisan and that is why they are successful.  
1915 or 1950 Metlactana picture of pulling together on a rope to pull stumps. This is what we have to do as residents of communities for the betterment of that community. You are pulling together.

Rex Rock, Sr. President and CEO of Arctic Slope Regional Corporation – from Point Hope  
8 villages  
Energy Development  
Resource Development  
In state petroleum refining and development  
Construction  
Industry Development  
Government assistance

Smaller subsidiary companies for decades

Earlier this summer Arctic Slope acquired ABI – line inspection  
Also, little red services, premier oil Service Company  
Energy Support Services – ADS  
Petro Spar Inc. – subsidiary to asphalt production. This asphalt creates an immediate need by restoring a need for asphalt oil in the interior. High cost  
The State is the largest consumer of asphalt oil.  
Gas is \$7.00 a gallon and to fill a pick up truck costs \$200. Laundry detergent is \$25  
Our people are not going back to a time without flush toilets or wireless Internet  
So we need a tax base for our municipal governments.  
North Slope – safe responsible and sustainable oil and gas development.  
For decades the North Slope Borough has collected taxes from the oil and gas development. The oil and gas industry is no stranger and we have been involved with it for years. We are familiar with production of oil and gas from the giants, and ASRC has businesses that add value to this industry.  
We supported local tax credit SB 21 so far is paying off, since the legislation has passed and . . . drilling on the North Slope is at the highest levels and the legislation

is working as it was intended. In late 2015, oil was \$150 a barrel now it is below \$50.

ANWR has significant oil, but the misguided efforts in the name of protecting our communities. Environmental groups exist to hurt our communities – NGO's come to our community only when they need a native face. One of their latest thrusts is to save us from global warming.

Shell – major blow to Alaskans, as shell works to remove its staff north of Wranwirght we still are assessing the impact at ASRC. Alignment between industry and culture, economic stability to our people. But Shell had trouble with Federal Regulations. .

Inuitat Arctic Business Alliance – ASRC, . . . since Ancsa we have grown our companies. It is important that outside businesses know our strengths. We are forming a new non-profit BAI for all of the entities to gather around the same table. BAI will break down the berries impeding our members to work together.

Empowers us to stand together. ASRC is open for business and we are looking for strategic partners to invest in our back yard.

David Berzina – IEDC Board of Directors from Fort Worth introduced:

Randall Hoffbeck – Revenue Commissioner Alaska

June kicked off our discussion in Fairbanks and we talked about doing something to get the states fiscal house in order. So on his way from the airport he is in the cab and the radio and the cab driver tells him that guys an idiot.

History of the PFD research on what put into place a 50 Billion Dollars fund that pays once a year to its citizens.

Government has hard time saving money. So in 1967 the Prudhoe Bay oil field was discovered and in 1969 the sales took place and it generated 5X the total budget of the state that all came in one day. There was talk back then about shouldn't we save some of this money. But the decision was made to spend this money to build infrastructure throughout the state so this original 500M dollars was gone.

As the first oil started to roll in, prior to the constitutional vote in 19876, the. .

Should pass a rainy day fund. Passed two to one. Although this statement said future use the legislature never defined its use. The first major decision was setting up a fund. The next decision was would it be a . . . 25% would not be used for in state development. Alberta had a fund that was used for infrastructure development and it grew at half the rate and made it an investment fund. So there was a lot of wisdom in setting it apart. But there is

Next major decision came in the late 70s and early 80s spurred on by high oil production and a group of experts testified that price would not go back down and that it would eventually grow to \$100 a barrel. Indicated gas production would pay for government, so the decision was to remove all broad based taxes from the books

and the decision was made to provide a dividend to all citizens to Alaska. But when you start this it creates an expectation and that is one of the things we are dealing with now. It has been a wonderful program but it has become so ingrained in the citizens that to think anyone would remove it is political suicide.

Other 16% of PFD doing more direct placement investments – Venture Capital, etc.,

A few of the funds investments spread throughout the United States – largest is Simpson housing with 1.1 B dollar investments with

Flagship is Tyson's Corner in Washington D.C. in 1985 and since then we are the controlling partner. Built 422 luxury condominiums,

Non U.S. real estate in Spain and Portugal.

PFD pays a 401 M a year in fees for management.

Infrastructure holdings – ports in Brazil and London airport

Good investments are being chased by a lot of money – we are creating our own investments 2012 invested in American Homes for Rent, a company that purchases homes and then rents them out. Juno therapeutics looking for cures for cancer using the bodies' own immune system, in Dec last year it went public and now 1.4 B dollars.

The 7.1 Billion could be spent and this is what pays the earnings and is what the legislature is looking for. 2011 to 2015 13 Billion earnings X 21% = \$2.7 billion divided by half, so 1.4 billion to PFDD, residents of 644,511 equal \$2,072 for every resident. If we had capped it at one point a couple of years ago no one would have complained. But now we are looking to free up the funds by reducing it so it is going to be a difficult. The PFD it is the States largest asset far exceeding oil and gas production.

## Financing Public-Private Partnerships

John Finkie from the National Development Council (NDC)

Financing vehicles to help communities primarily for social infrastructure.

We build public buildings

A power point here, which was not the one, I was planning on using, as the one that I was going to use got lost.

How many people have done P3's? Anyone done public facilities – buildings

Ninth and Jefferson – King County, Washington

Was not started as a P3 building.

Serves as a

Starting this using bonds. Erased a \$30,000,000 project overrun on previous GC-CM process.

Financing 63-20 bonds

Bond issue: \$189,720,000

By the time the university got a whole dug it was too expensive, the county stopped it and moved the money. It sat for four years as a hole in the ground.

Ultimately we built it and we reduced to zero their 30M gap. They were estimating it would cost \$800 a square foot. We brought it in for half of the square foot costs. This one was audited and they said the cut the cost in half

P3 has two models an international and an American Model

American Model 63-20 or 501©(3) Bonds

Chart comparing the two approaches – could get this presentation

The American model needs a not for profit entity.

Explanation of chart of difference between American and International approach.

Very important to understand about equity. Equity is the most costly source of money - so equity and taxable debt.

Bucket of finance

Bucket of construction

Bucket of operations – can be public or private we like private long-term lease.

Private operations, private maintenance through a funded maintenance reserve,

Private buckets you get the lowest costs. American model all been exempt from property tax.

You cannot do this in a public works arena

Public works does not have a motivation for efficiency. Public works revolves around consensus. There is a penalty if you make a mistake.

The private sector wants efficiency.

Public works process is designed to move slowly. Time is money. Money differentiates

Private delivery with incentives to perform if you bring it in under budget.

Difference between taxable and tax exempt financing (Slide)

Taxable

- Combination of Taxable Debt & Equity
- Required Debt Coverage Ration 1.1 or higher
- Two Lenders – Construction then Permanent
- Difficulty with Abatement

Other column

4 Pillars of value

Development expertise

Financing

Revenue Stream

Operations

Hoe to marry tax exempt with non-taxable

(SLIDE) This is the model we use – we enter in to a Design phase to identify the Public Agency, Developer and Property Manager, Architect and Engineer and general contractor, Construction Manager for the Special Purpose Not for Profit

Having this approach with everyone together at the beginning is not something the public works process does not bring the critical players to the beginning of a project.

You get to 20% you do not need to get to 40% and you can have the guaranteed costs and a lease between the special purpose agency and the lease. The government is guaranteed not to face cost overruns. Rent that equals for 30 years . . . at the end of 30 years the asset transfers to local government. New Slide – private delivery model

If management does a good job they stay, if not they are let go.

Long Beach courthouse \$1,000 sq ft. to build, \$122 per sq. foot to occupy.

Best Practices in Public Procurement:

1. RFP Development Team – issued only 3 or 4 teams
2. 2. Five Questions
  - a. Identify the Team Members, Their time commitments & Experience on similar projects?
  - b. What ideas does the Team have to create public value?
  - c. Will they accept the terms of an applied Pre-Development Agreement and Development Agreement?
  - d. With a assumed Per Sq. Ft Hard cost, bid all soft cost
  - e. Confidentially provide financial information and litigation history
3. No Architectural Renderings – never allow architectural renderings in an RFP, preclude architectural renderings.

University of Alaska Fairbanks Dining Hall expansion was P3

Gail Lewis Director, office of P3 Initiatives  
Arizona Department of Transportation

Arizona is so polar opposite it is just hot and cold – we do have a lot of public lands, native, . . So a lot of similarities

What is a Public-Private Partnership, (a.k.a P3 or PPP), exactly? Slide

The close collaboration of a public entity(s) and a private entity to structure, negotiate and implement the finance, design, development, construction and /or operation of one or more facilities.

Both the public entry AND the private entry “share the responsibility and risks for the project

- -

Slide – Risk Transfer

P3s transfer risk from the public to the private sector in return for the change to earn return on investment.

Example: Private partner guarantees construction timing – I penalized for delays.

Example: Private partner guarantees level of service is penalized for congestion.

Private sector is not willing to take on the stringent environmental or the hazard so on the two ends of the spectrum they want the public sector to stay involved. On the far right you hand it over to the private sector. The two ends do not work it is the space in the middle where you can share risk.

P3's are not free money

- Free money!! Private finance needs to be repaid, at a competitive long-term rate of return.
- Shifting risks to the private sector can be a good idea for the public sector, with or without private finance
- But they are not a substitute for adequate funding.
- 

Arizona's P3 Law – you are going to need it

Eligibility: enhanced, upgraded or new roads, rail, transit, and facilities

Types of partnerships: design/build all the way to design/build/finance/operate/maintain. Very flexible.

Allows for ADOT to solicit projects, but also receive unsolicited projects.

Gives ADOT significant authority to enter into negotiations and agreements

Can use a number of revenue sources as repayment, including public funds, bonds, tolls and fees.

Slide Path to P3

Internal Process

Partner Dialogue

Unsolicited Proposal

Feasible

Technically Viable

Traffic and Revenue

Value for Money

Publicly Acceptable

Outcome Based

Best Value

Steps to P3

Components of Analysis

Risk Analysis: All internal stakeholders and subject matter experts. Each component of the project. What could possibly go wrong?

Value for Money: Develop likely cost structure for the public sector. Develop likely cost structure for a few versions of public-private partnerships.  
Put into black box and stir. Someone with a PHD can give you the value of your money –

It might show you that you can save money in the long run and shift risk. This shows you how little you know about yourself.

May be bringing down base rate - -but not the other costs  
Slide – Public comparative looks like this Traditional with P3 on the right.

Potential p3 projects

Interstate 11

Eagle P3 in Denver

Early stages of a P3 connecting Phoenix and Las Vegas

14 Rest Areas = use sponsorships to offset costs

Flagstaff facilities – trade property to a developer and in exchange revamping a property.

Looking Forward – We don't have enough money to spend your money. New ideas –  
Texas TRZs,  
Hybrid procurements  
Sophisticated analysis  
Get the outside help you need

Mike Catsi: In this job since 2010 AIDEA Overview slides  
Public Private Partnerships – Expanding the Traditional Model – fund private infrastructure with private funds.  
Federal loans, guarantees, and lines of credit – TIFIA  
State ...

On the Private Infrastructure side

- Financed through a combination of government grants/incentives, corporate debt, and private equity
- Repayment of investment is through generated
- 

P3s public private partnerships meld these

- Public takes the initial risk

AIDEA expects the private sector to participate

Created in 1967 by the State legislature to create employment opportunities.

1.4 billion in assets and provide an annual dividend back to the State legislature.

AA+ Credit rating

Tide to our mission to grow diversified jobs throughout Alaska.

Does it make sense financially?

Industry looks to us to bring different players together.

Pathway to capital – equal partner with the private sector

We work from the general revolving fund.

Red Dog mine return 6.5% for fifty years

AIDEA \$265M

Jobs in an area that did not have any

Allowed the locals in an area, businesses in the area.

Largest property tax payer in the area.

This is the type of project we have been doing to develop private sector to benefit the public sector.

The more “winners” in a project, the greater chance for success.

How does development impact the local resources?

Payments they make to NANA are spread and shared among other regional corporations.

Stem decrease in oil flow through TAPS so invested in 4.5 miles road to drill site.

Creating jobs, permanent and indirect

For each phase of this project an LLC was formed.

This led to increased opportunities

Slide Capital in the project ...

Slide LLC Financing Structure – safe, secure and highly collateralized

Slide – General Takeaways

AIDEA's Lessons Learned

- A strong business case and comprehensive due diligence provide valuable cover for the decision you make
- Have a variety of financial tools available
- Experienced commercial evaluation team is critical – backgrounds in business valuation, private finance, public finance, business law industry specific knowledge
- 

Luncheon with Mayor Mystrom Begich

Sell the problem

Establish the Vision

When we do this we issue a simple RFP with five questions. First we do an RFQ and pare it down to 3 or 4.

## Outdoor Space Development

### California

117.5 Billion tourism economic impact California

9.3 Billion in state and local tax

1 Million jobs

Ten times more likely to have a six-figure income if you started your job in the tourism industry.

Every 1% increase creates 129 million in spending and 1,200 jobs

### California Tourism Infrastructure

2015 – 50 new hotels and 45 renovations

Pebble Beach 300M in cash pledged to renovations.

Theme Parks –

Disney and universal 1 Billion upgrade to their infrastructure

Area is around the transportation infrastructure.

Infrastructure investments – 2006 to 2015 \$20 Billion dollars

Look to our own area what have we seen?

Industry is trying to create a Halo Effect with the brand of this overall lifestyle as opposed to a place to visit.

Every new business idea starts with a trip.

## Working with you Local DMO: One Economic Developer's Perspective Strategic/Tactical

### Tactical:

1.) Weekly meeting with CVB Executive Director

Share information on projects (tru

2. Go to each other's board meetings.

Speak when needed to give strategic direction or clarify misinformation

### Strategic

1. Long-term understanding of mutual goals.

2. So many request; difficult to ask for collaboration on a vision based on "pop up request".

3. Brand experience

Cross over from the very beginning –

If they have a good tourism experience they will be more open to an economic development opportunity. Match the psychographics to those clients. Asheville North Carolina, a quality premium associated with Asheville. Examples of how we have done that

1. Tourism / Economic Development Infrastructure
  - a. Greenways
2. Project Marketing – marketing share your quality of life message
  - a. New Belgium – Presentation
  - b. Cirrus Aircraft – built a branded website widget to book customer's – we did not win this project but because Jets get sold to clients that can afford jets, arrangements from the company website. Our CVB maintains the message on their website.
3. Value Add Conferences
  - a. Outdoor Industry Association (OIA) – Liquid Logic (2 others)
  - b. IEDC, SEDC, NCEDA
4. Media Exposure – Leverage business. Hunger Games was filmed in Asheville.
5. Communication of XXX Values
  - a. Airport Message
  - b. Hotel TV - Japanese channel when we won Toyota.

## 7 Practical Ways DMOs and EDOs Can Work Together

Sit down with your DVB director and find one to three

1. Influence the Business Traveler
  - a. Identify “choke points” business travelers pass through (airport business lounges, upscale hotels, limo services)
  - b. Look for creative ways to communicate your community's business message
  - c. A letter to be put on Beds by target industry
2. Conduct Joint Marketing Missions – Partnering on international trade missions with the Governor
  - Beijing, Shanghai, Guango
  - Mexico – Aero Mexico-based tourism leaders
  - This does not have to be international
3. Align Your Brands – this is based on our focus groups research – Video about the people and the culture. Talking about holistically this eco-system
4. Building Transportation Networks
  - a. Asheville Air Study
    - i. More connectivity via greater exposure as a “destination”
    - ii. Destination overlap with business locations (Nashville, Chicago etc...)
  - b. Park and Ride
    - i. Growth forces a regional perspective
  - c. Bus System

- i. Getting people around intra-city (travelers and labor) affordable housing or a way to get them there.
- 5. “Strategic Conference” Pursuit
  - a. Identify and pursue conferences that align with a community’s target industry clusters
  - b. Pursue business conferences that reach executives with site selection responsibilities.
  - c. Book Competitive Advantage – by Michael E. Porter Creating and sustaining superior performance
  - d. Convention and bureaus job
- 6. Collaborate on Tourism-Related Investment Opportunities
  - a. Build a Relationship Based upon Respect & Trust
    - i. Support the others’ request
  - b. Saginaw future acquired the property and transformed it into a wonderful community in the center of Saginaw
  - c. Another example of the VP on the CVPB board, partner with DOW tear down the entire city block, wanted retail on the primary floor with lodging on the 2<sup>nd</sup> floor. 16 M facility Convention and Visitor Bureau and . . . third county land adjacent to consumers contaminated property, invest 1 M in land a structure. Bay Area Chamber of Commerce move in with . . . actual projects going on right now. Your convention and business borough – Anette
- 7. Lobby the Public Sector Together US Travel we lobby for the industry to advance. Great Lakes B Regional Ad Legislative Guide booklet how to address a letter and how to approach an elected official, do’s and don’ts.

Questions:

- 1. Do you have an MOU? No, but we know if we are doing our jobs we need to know when to keep our mouths shut.
- 2. How does this work with BRE? It is quality of life, the best way to have a business expands, or the young professionals are quality of life. It lowers our taxes with someone else’s money.

Branding message of your community.

## CEcD Certified Economic Developer Program

Exam and about the process, mock oral interview

Ivan Baker, CEcD AICP to review

- IEDC Mission
- Purpose

Mission – To advance and help assure a high overall quality of professional services in the economic development field.

### How to Become Certified

- Experience Requirement
- Professional Development Requirement
  - o Attend a basic course
  - o Take 3 Core Courses
  - o Take 2 Elective Courses
- - \* New – A primer to the CEcD Exam Process – everything is on the website

Accredited Partners – EDI, Georgia Tech, BEDC, NDC, SIOR (Society of Industrial Office Relators)

Study the manuals for the course to pass the test. Study the course manuals

Education, Experience and

Alison Larsen –

Minimum of four years of full-time economic development experience

Five or more years able to waive the basic course

Required to demonstrate developmental training in six course areas.

Beginning this year a requirement of the Primer to the CEcD Exam Process, either in-person or via webinar.

This is also available via Webinar – perhaps head to Strategic Planning

Core Curriculum \* \* \*

BRE

Intro

Real Estate and two electives

Talk to your State Association, as they will host a course.

Strategic Planning: Formulating a plan of action for changes that are essential for success.

Three to seven initiatives going into change as most organizations are overwhelmed with the present. Book 1984 Henry Mintzberg: an ongoing dialogue about optimizing scarce energy/resources . . .

Do I get a return on investment? Value of what I achieved exceeds, Value of what I gave up.

The more you revise your plan the better, otherwise you become myopic.

Instead of leading to higher performance it leads to confusion, as we are not living our core values.

Higher performance/execution. Sense of mission (purpose, vision, values)

Increased market share /revenue

Internal problem solved/improved leading to better execution

The Rise and Fall of Strategic Planning by Henry Mintzberg

Later the Fall and Rise of Strategic Planning

87% were frustrated, 59% attributed to failure to implement what was intended.

Problem – created planning departments and tried to be viewed as legitimate so they tried to be as certain about the future, so in the effort to make science a they undid themselves.

Errors

Forecasting vs. innovating

Assuming future won't change

Tom Peters did research at the same time and he found that strategies do not work.

The Grand Fallacy

The Planning Dilemma – Trying to get control about the future but you lose the competitive edge. Enough integrity to look at numbers but enough flexibility to take risk.

Underperformance of planning: your checklist that we handed out has more items but in about 200 client engagements:

1. Lack of involvement – have you brought into the process those that need to be involved
2. Innovation comes from where you least expect it in the organization. “Wild Ducks”, bring in interns from engineering students from UAA Have of suggestions for the future came from the six interns. It is a process of management letting go and coming up with ideas.
3. Performance Improvement

- Visions do not serve as a catalyst for the future – with Bill Popp “Live work and Play”, will this Vision motivate the workforce?

- Strategic Assessment lacks competitive analysis or critical analysis of assumptions.

What is driving the numbers that you're projecting? Planners need to focus not on finding answers but asking the right question – Mintzberg.

- Strategic initiatives committed to prematurely – does the business plan work, enacting the plan to . . . , Minzberg says strategy is a journey not a destination.
- Internal assessment does not reveal the truth regarding the organizational condition. 90% of the time the CEO sees a mirror image of what the employees see. CEO sees it as round; the workers see it as flat. We become blind to seeing the internal we are blind to what is holding us back.
- Accountability is not fixed.
- Results / reasons
- Continuing Strategies that haven't performed. Example of good plan AEDC's plan
- Data tell you your making progress?

#### Best Practices

- Hold accountability sessions twice a month, how are you doing with the plan.
- High visibility of the plan. Remember in kindergarten – Gold Stars. The more visible you make the plan with the individual responsible the more likely you get results, as people do not like being behind.
- Revisions 3 times during the year learn as you go. Counter intuitive, you are in touch with what is actually going on and that you are in touch with what is going on inside and outside the organization. Best practice revision three times a year.
- Employ metrics to evaluate strategies
- AEDC challenged staff to come up with Metrics after coming up with the Vision.
- Board commitment to vision. It is a challenge to Boards to stay the course.
- Involvement of “wild ducks”, tap innovative energy
- Move to ongoing competitive intelligence vs. annual event. It is not an annual event it is a way of doing business. What are you seeing and hearing from
- Vetting of strategic assumptions
- Use of plan to solve internal communication deficiencies.
- Limiting the strategic agenda – three to perhaps seven in a given year, more likely 3, as it has to do with the completion rate. Suite spot is about 40 ovals and triangles on a plan.
- Instilling personal planning – you will not get to a level unless you as a team are different. Personal plans and reporting on progress. Personal plan of each member of the team shared with the team, increased commitment.

Ship analogy – Vision Navigation: What are we going to do with the ship. Where is the Board of Directors on the graphic? They are not on the ship, they are on an Island and they will be sued if it does not perform well. But at the end of the day they do not own

Their role is to deliver to the captain this is why you exist, these are the policy constraints.

The dashboard for this ship tells the ship if it is going to run out of cash.  
The captain reports on progress and tells the board what is needed to get to the destination.  
The buoy markers mark the areas of progress.  
Our view is the plan is the plan is the contract, this simplifies the . . .  
In summary and Minzbergs conclusion as well Strategic Planning is valuable but only if it is done right.

How many of you are consultants, you need to be an insultant.  
Use some form dashboard. Challenge your board's do you want to be able to control the future and how to get on this path by having the right measures.

Williams Secretary of EDA, former Mayor of Youngstown, Ohio

50 Years ago President Johnson – created the EDA  
Economic Development Administration  
1965-2015  
Impact this organization has had in communities.  
1<sup>st</sup> Strip Fishing in Alaska  
Youngstown, Ohio redefined by EDA investments  
Director results of a small but might agency the ECA.  
Political appointees there is an expiration date on ability to serve  
Economic Development creates the conditions for improved quality of life. Teach a man to fish and you feed him for a lifetime. It is about building capacity.  
This path forward must include and address our workforce.  
We make sure the employers are included in the training design.  
Path forward also has to encourage and nourish entrepreneurship.  
Infrastructure has been funded in short increments. You cannot run the largest . . .  
EDA has been a long stalwart of developing infrastructure.  
Too many parts of this country communities and individuals are not given the opportunity to rise. You should not be relocated to a quality of life simply on the zip code on where you come from. Committed to improve conditions . . . that is the mission of the EDA.  
We saw . . . eviscerated in the blink of an eye.  
Since then good work but more to be done.

Christopher Masingill  
Federal CoChariman,  
The Delta Regional Authority  
Clarksdale, MS

Leading  
Targeted for local elected officials – Economic Development 101  
Starting in the Delta Region, and sharing this with the rest of the country  
Economic Development 101

2<sup>nd</sup> Piece giving local elected officials the practical tools, the know how to get our economy started. ----- Resiliency 101 is the 2<sup>nd</sup> part, started the 15<sup>th</sup> and 16<sup>th</sup> in the Delta region of Arkansas.

Marilyn Romano  
Regional Vice President for Alaskan Airlines

CFO Alaska Airlines

Airline Industry and what is going to keep us successful

Business is tough –

The Airline business is extremely tough:

1. We are highly regulated
2. We are told by DOT how to display our fares on our websites, with or without taxes.
3. Even the routes that we fly are regulated in some markets.
4. We are highly taxed
5. It takes an act of Congress to schedule a new route into Regan
6. 27% tax, highly unionized,
7. Very Weather dependent
8. We are subject to things breaking
9. We are highly capital intensive
10. In 27 years from 26<sup>th</sup> to 6<sup>th</sup> how many have we passed, the answer is zero the others were either absorbed or bought by another airline.
11. Fuel is one 3<sup>rd</sup> of our costs.
12. Make a profit of about \$25 per passenger per flight.
13. Alaska Airlines started in 1932 – 82 year old company. 14,000 employees and 200 employees, 31M passengers a year. Hawaii to Boston and Florida. We serve 19 communities from Anchorage. Peak 18 flights a day from Seattle to Anchorage. We ship 25M pounds of seafood. 5.5B in annual revenue – fortune 500. We have customers, and if you reach 1,000,000 we take a gift to their house. We plan to grow 10% this year, and 8% next year. 1,800 employees from the State of Alaska, caring warm employees, engaging our customers. Three out of five employees have been there over then years. Each employee has received a bonus of one-month pay for the past five years.
14. Because of consolidation four airlines make up, they are politically influential and they have big global networks.
15. Why, does Alaska Airlines continue to do well – the first is we are safe. In our business, safety is job one. The second is our size; our size is a competitive advantage. We are small enough to connect to our employees. 3<sup>rd</sup> we are an on time airline and it is a lower cost way to operate that our customers appreciate. We have very defined processes and we measure everything. At Alaska we measure how long it takes the jet way to get to the airplane, and our benchmark for the left door to open is 60 seconds.
16. First airline to sell a ticket over the Internet Alaska Airlines, first airline to offer and AP for your mobile device, technology is a major portion of what we do.

17. We try to offer low fares. We are trying to achieve good value. Costco – you go there because you know your getting a great product at a great price. We have a great and growing network.
18. Since 2010 we have added service to 26 cities.
19. Sustainability,
20. Since 2004 we have reduced our emissions by 50%?
21. Last year we invested over 10M in the communities we serve.
22. We are big on education, and finally we fly one time of fleet the Boeing 737 and we operated 145 and will add 11 next years, more the following year.
23. We are highly capitalized; we have orders in place for 70 of them for 3.5B dollars. It helps to have stability in he environment.

1. Tax policies, how much depreciation can I take
  2. Wage ordinances
  3. Airport costs, generally born by the airlines higher costs cannot always be passed through to customers. When costs go up demand goes down
- These three create uncertainty in cash flow, which makes investments riskier.

#### Looking for Opportunities: Pacific Rim Trade and Investment

Chirs – Commercial Director at FDI Intelligence

We have the data about which companies are investing overseas.

This session is very relevant because of the Trans pacific partnership being signed. We are going to focus mainly on Asia but will touch on the other markets. India should not be but it is such a large and growing market.

Five minutes each introducing themselves:

Cathy Wise – Director of Tourism and Economic Development for the City of Durham. Large City north of Ontario. Advanced manufacturing, tourism, and hopefully this year into health care. Approved an enhancement of 1.2 M to drive foreign direct investment and we identified China as one of our areas. We have been there six times now and have 66 active files. It is all about relationship building. We have one success a steel cell tower manufacturing company.

Henry Lobendor – CEO of Lab Tech

Masters in Taiwanese

PHD sponsored by Volkswagen on Japanese and German investment

Afterwards IPM set up Lab Tech in 2010 in Hong Kong. Set it up to attract foreign investment. We have office in India, and many places in Asia.

Secured over 500 realized foreign investments 15Billion in pipeline investments.

Last year we helped attract a 1.8B chemical plant to Louisiana.

Rebeca Maudry – Select USA

Look to connect opportunities to foreign direct investments and all of you. Select USA is the first federal program to connect the programs around the world. We are kind of focused on Asia. How many of you have been to China – a lot, and very many have been successful. China is by far the fastest growing investor into the United States. Many more markets that are more stable, so don't forget about those markets. Japan is closer to almost 400 Billion investments in the U.S., Korea, and the other side of the Pacific Rim, Your sectors and assets matched to . . . We can help you with data, trends, and specialist to help you with intro to the market. We want to serve as a platform to help you build relationships. We are planning a road show for Japan (four city road show); we invite you to join our delegation to meet with those companies. TPP – 12 countries in the region we are talking about and eliminate about 18,000 taxes or tariffs that U.S. companies face right now. So this opens up a lot of opportunity. It is an attempt to level the playing field. One fifth of good exported out of the U.S. are from foreign firms.

Evan Hoffman – OFI, pro foreign direct investment group. Head up International Investments –

Every single industry sector in the United States and we have 40 member companies that operate in the Pacific Rim. We lobby for policy, we do pro-active education. FDI education and represent 5.8 M workers produce 21% of foreign export. What percentage of the U.S. private workforce is in manufacturing it is 9%. Within the Foreign Director is 39%.

3<sup>rd</sup> thing we do with our member companies is work with the leaders. So as a trade association we help them do their jobs better?

[www.frontlines.Org](http://www.frontlines.Org)

Sonja Jusupura: How many of you plan to recruit from or export to India? I run S-Jay consulting a US, I help American companies export to and find investors from India. In bound investment into the U.S. China #1, India is picking up. Tremendous level of interest between both sides.

Questions:

1. Where do you see other opportunities? Japan companies employ a lot of people in the U.S. – 700,000. Excluding expansions, UK, UK Germany #1, Japan #2, followed by Canada, and then France and Germany. Do not expect a quick win from China. Korea is one of the hottest markets. We really believe in India. Within five to ten years, India will be the biggest contributor.
2. Christina – We answer a lot of questions for companies and a couple of cases that may be ready to announce soon – New Zealand, Australia. You need to be strategic with these markets. Opportunities in this region, also from Singapore, Japan and South Korea.
3. What about investment from Canada? As long as they are expanding and your not poaching.

## Mission Investing: A brief overview

### Southwest Initiative Foundation

- 18 – county regional community foundation
- Very rural; largest city is Willmar (19,680)
  - o Becoming very diverse
- \$80 million in total assets
- Many donors; largest annual funder is the McKnight Foundation
- Business finance, entrepreneurship, micro lending SBA and USDA, regional economic development strategies.

Do you have a local, regional, or statewide community foundation?

Do you know them?

Private foundation. Is there a private foundation that services your geographic area? Or are you aware of private foundations with missions and programs that align with your economic development priorities.

What is a CDFI industry and the opportunities for alignment with your economic development needs?

Loan funds, banks, credit unions, adventure capital funds

Local CDFI's with geographic alignment

Statewide or national CDFI's with focus areas aligned with your capital needs – such as affordable housing, micro lending and entrepreneurship, business finance, diverse entrepreneurship

Dr. David Wood – Harvard Kennedy School

An applied research school housed

What we do is study investors who are trying to achieve social (impact investing to shape society). Match your long term investment strategies with what is happening out there in the world.

Affinity group – use grants to shape opportunities

SIP social investment exchange

Term Mission Investing – how many of you have done a deal where a foundation is an investor? What is Mission Investing?

A tool of philanthropy

Two Components:

- Targeted social (and/or environmental) benefits
- Targeted financial returns

Integrated operations

- Program and finance

PRIs/ MRIs and Mission Focus – Program Related Investments (IRS term), you cannot want financial return as an objective. It counts as a grant. If you are a 100M foundation you have to give away 500K a year?

MRIs can be across – you have to benchmark it against something. IRS just revised its regulation about foundation investment. It is o.k. for a foundation board to sign

off on a mission related investment (MRI) an even if it does not get a high rate of return.

“Should a private foundation be more than a private investment fund that uses some of its excess cash flow for charitable purposes”.

20% of foundations are doing one or more or the other.

Foundations live in this because their clients are asking for it – Impact Investing

Mission Investing across Sectors: A few examples

Community Investment:

Economic Development: Targeted to place, domestic and international

Environmental Investment

Health and Healthy Communities

Arts organizations:

Foundations:

- Kresge – sustainable communities – long time bet on Detroit real estate, health,
- McKnight – picked climate change, sustainable community development in the twin cities and the sustainable watershed of Mississippi
- Vermont Community – Small business investing in Vermont (local businesses)

Vehicles

- CDFIs
- Fixed Income Bond Funds / Massachusetts,
- Social Impact Instruments
- Alternate
- 

The Innovation Cycle

Total philanthropy and the 100% club

Structured vehicles

- Bay Area TOAH Fund

Green Bonds

- Climate Bonds Initiative

Health as a coordinating principle

Good jobs inequality

[www.Missioninvestors.org](http://www.Missioninvestors.org)

[www.Opportunityfinance.net](http://www.Opportunityfinance.net)

[www.Ussif.org](http://www.Ussif.org)

[www. Hausercenter.org/iri](http://www.Hausercenter.org/iri) This is the Doctor who provided the briefing

Frank Altman, President and CEO

Community Reinvestment Fund – we create products

Our mission is to improve lives of disadvantaged people and improve community . . .

1.9 B in Capital

Community Impact

Low-income people served at community facilities

Products that meet the challenge of what investors put in front of us.

We issues S & P rated debt offerings

- Challenge have enough product that a project is scalable

Product Development and the range of opportunities – Luther Reagan continuum

One side purely charitable and the other side purely market

One wide side highest risk, highest return – New Market Tax Credits

How does this work to provide products to Rasmussen?

A product called Ours to Own National Movement

- idea is let an investor invest as little as \$20 – paying better than money market mutual funds
- We get capital that we can use
- Sell their note to free up . . .

Slide How the leveraging goes on

2% comes from grants, 18% from PRIs and Social Investments, the other 80% come from Investors done through managers.

Community Capital Managers from Florida.

Chirs Perez: Officer at the Rasmussen Foundation

A place-based funder

Primarily a capital funder

We do make about 35M grants / runs the Gamete from arts and cultures.

And we have taken on this issue of our states fiscal cliff

What is it like to

If you have seen one foundation you have seen one foundation.

We as a foundation have begun this long slog into mission investing.

Early on this slide with two parts of money “Purely Charitable 5% to giveaway, the Purely Market is the 95% other side.

How we can deploy around our programmatic interests on the non-profit side

We are a place-based funder – we care about Alaska

Two deals for us is to fill this spectrum out

Grants

Equivalent Investments

Program Related Investments

NMTC Investments and Asset-Back Securities

NMTC Investments

We have 15M outstanding in ten investments and we are focused on this side of the chart right now.

We have not taken active steps to move to the right.

We are very focused on this idea of leverage

We have about 23 M dollars in grants, soft second loans to the State Housing Finance Agency.

How we source deals:

We have regular meetings with USDA, rural development, all of our housing developers.

Recently provided a guarantee to a Hockey arena.

It is not that difficult to identify these mission investors . . .

Mission Investors Exchange – 300 members this year. The growth is exponential in this area but it is a lot of hype and you are to move it into growth.

Are there possible opportunities besides for beyond grants –  
Project funding

1st person is looking for Bio Tech - Southwest Initiative Foundation

You cannot be an expert within 60 Miles of your town.

Neutral partner – strategic planning, etc.

Look up this story about how foundations came together with the city, private sector about strategically leveraging their capital.

How you can use philanthropic money to complete a project.

Northside Funders Group

[www.northsidefunders.org](http://www.northsidefunders.org)

Communicating ideas  
Building Trusts  
Making Deals

Started a toastmaster program just so Entrepreneurs could

What is the difference?

A Honda Civic is a great car for a brand new driver.

A proce is a great car for an experienced driver.

The porche gets you to your end point quicker and with a lot more of excitement.

Difference between an incubator and an accelerator

An incubator client stays 2 to 5 years

Accelerator shorter 2 to 6 months

Incubators may

Accelerators typically have a trust . . ?

Incubators start up businesses

Businesses accelerators some experience behind them that want to grow faster

Incubators tend to be more unstructured because the time element is not there

Accelerators that business is surrounded by a cohort of mentors and other CEOs to overcome organizational, situational and strategic challenges and the timeframe is much more compressed.

Each speaker will share about how to create an entrepreneurial environment, what metric should be used to measure the success

Susan Kelsy, Lake Forest, IL 8 yrs experience, expertise in mobile technology

Background sales and marketing and commercial real estate

Why would a city start a business accelerator? I started my job just after the recession; it did not hit us until about 2009 when it rippled to us. We started getting a lot of calls from residents – can I have a business in my home, can I have customers, then in the beginning of 2010 and 2011 and we were focused on the empty close spaces, and we were not looking at the second and third floors and the office spaces. We were getting phone calls of who are these kids walking around at 5:30am, they were not on on radar and that business sold to UPS for 1.8

Small businesses grow into large businesses

60 to 80% of jobs created are from small businesses

It is a trend and it has tentacles everywhere.

Our high school now has a business accelerator program. Now we have these great businesses at our high schools. They are all running through our business accelerator program, and we have mentors coming out of our community, we are helping old line business, and old stationary business we have people coming in to help revitalize, how these tentacles work, we work with the universities, the state, the SBDC. The grandson has taken the funeral business and added on a business to celebrate life. We are working with five navy seals that are getting ready to transition and consulting Farmers market – we started We started in a small house and it was leased up in 12 hours, looking for some co sharing space. We took the vacant building and we have had a waiting list for 3 years. The magic between the walls, networking One of these was the farmers market and now we have hooked her up with local restaurants. Tentacles in your community. One was an engineer, who wanted to try something different, and so we hooked him up with the Illinois and he has a 1M contract with Ford Motor. Another worked with ranger for 20 years, and he leased 7000 square feet and will be providing co share space and a super charged business. We are in Lake County 30 miles north of Chicago up to the Wisconsin boarder. We can work better if we work together. Lake County is known for its health care and we are working with these communities to work with these corporations. Last thing is next quarter, we are going to host a think tank and going to invite economic developers to think about how can we work stronger together.

Next, Tony Kirshaw, Tech Garden in Syracuse New York. 1994 a parking garage that collapsed and it lay dormant for years In 2004 2005 we secured an investment from NASA to refurbish the space. We pride ourselves for being a hub of the start up activity in New York. We have a large boomer population with a history of a large manufacturing base. They have since left the area and so there is a lot of experience and a lot of vibrant energy. The Tech garden vision of a start-up is not what you would think of Seattle, but is sensitive to what your community is. Each community is different. Sometimes we feel our programming is not connected as we have different constituents and they have different states. We are part of a greater super chamber of commerce. In 2009, the super chamber and the. Sister affiliates include tourism, real estate development, and downtown vitalization to create that community. For those millennial like myself we want to be part of community and we want to make sure we get paid, as student loan payments are ridiculous. Wages are low, 20K lower, it is a challenging environment but serving as the hub we launched a student accelerator, incubators 54,000 sq ft facility, as there was so much energy demand and support that we opened up 18,000 more. A company from China coming to be part of this. We also partner with the Universities

and do a lot of Tech Transfer. Central New York are attracted to us as on average we give out a half million dollars a year in grants. Start up New York funding from the State to make investments in our region.

Syracuse was in a depression for 20 to 30 years.

New angels, we are starting at the platform for what the future will be in central New York.

5,400

27 virtual companies

60 companies

Researcher and entrepreneurs working all over the counties

Hub for a lot of activity, we helped launch 1,000,000 cups

We partner with the local PBS affiliate to make it a more community wide project to share what start-ups are.

We started the student incubator to get students out of their perfect bubbles to get students downtown.

Our positive churn looks like 3 to 4 years, 12 dollars a square foot including high speed Internet and utilities.

When they grow beyond our means they grow to spaces downtown. As far as success go we will have our first big exist. We are trying to create as many tentacles and pipelines to help these start their way.

Joe Morrison –

Independent innovation and strategy consultant

Last role was running the 49<sup>th</sup> State fund, obligated 9.55 M dollars of it and put it into local investment funds. We saw lots of attempts at accelerators.

Alaska is a tough area, accelerators would get together and form and they would hit obstacles and fissile out.

The innovation conference in Juneau – he had a guest called Scott Stern.

Two things you can do is aim for singles do not aim for home runs.

Build a really good accelerator program.

I remained in discussion was speaking with BEI and the should we start an accelerator, since forming four months ago.

How we are going to run the accelerator beginning

Organizing a board of economic development professionals and entrepreneurs

That is the most important traction that we have hit.

They are working tirelessly

We won the SBA growth accelerator competition with the SBA, they received 50 K

Step 3: SBDC agreed to underwrite our managing directors salary

Our director . . .

In the last two days our traction has looked like this we were accepted into the Global Accelerator network and yesterday we approved our first investor, which will capitalize our cohorts . . .

Jan and Feb of 2016 is to market our accelerator, energy mixed with arctic?

End of Feb select 10 to 20 companies and in mar a pre acceleration period

Some teams will come from out of state some from in state.

We want to find 5 cohorts

Apr to July 25

Month 1 plan take them to maturity

Month 2 Product

Month 3 Invest ability

These three months, we have 10 metrics, 7 from SBA

8 Through the accelerator do they receive funding, is there a value

9 Ongoing entrepreneurial activities? Are they involved for 10 years or more? They do not have a motivation to move, they have developed stickiness

Last part is they present to our community on July 26<sup>th</sup>, what does our economy look like in the next 20 years. DEMO Day

The last thing we have to provide is aftercare, a 30-day period a slow rolls out from the accelerator. This is often focused on investment.

After that cohorts finishes we are back to advertising.

Blue startups were started 2 to 3 years ago, it is out of Hawaii and Hawaii has challenges but it is doing well.

Questions:

The theme of partnerships came up many times. Because we are a small shop all of our service area is heavily populated with traditional lenders that have technical assistance. We work together in a semi formal arrangement, The East Kentucky providers Network, also a state incubator and an SBDC. For us it took a few years to develop with this.

In Joes case he was able to do this overnight, what do you look for.

Cooptation – the way we work around option with a number of different partners in similar space, stable population, pie is small. A lot of entrepreneurs who come to us here about technology, so with all of these experts, SBDC, sandbox, we serve as a referral system out to those folks. If we cannot help you with the accelerator program we simply make referrals. In our facility we have three different incubators, Wise Women business center, and then technology we have a great partner their and we also have partnerships with the universities. We offer the culture downtown that their students are going to be attracted to. If we can serve as the critical piece as marketing materials, we play a critical part in what draws people back to the region. Hackatons and meet ups to draw students off campus. We have a real strong sense of community on campus as well as off campus. We have funding from the state as we are a 501C(6), and we do a lot of lobbying. What is valuable to those partners and servicing them, we run all of this with 4 people. It is necessary to reach out and lean on our partners to do what we do.

It is important that a program be able to stay around for a while. What would you recommend to achieve sustainability?

Lisa – Brownbag lunches, etc., when we first started – sustainability is forming the partnerships. We reached out to the Chamber of Commerce and create a young member category, of the 100 that we are working with none of them are a member of the Chamber of Commerce. Sustainability is working with our partnerships.

Joe Morrison – we are looking for yes, I take a risk capital view. My goal is to knock on 40 doors to get what it takes to start

Start small start targeted, and from there grow. The 3 to 5 year, we will carry it to the quarter of a million spot, beyond that it is up to the State of Alaska. Through corporate sponsorships and consulting we can begin to decrease the burn rate.

Joe Morrison:

For the Alaska launch we are looking for an investment fund of 125K,

One managing director, one . . . we are looking for to operate 8% convertible note

Ny, Syracuse We ran a business plan competition to start out, every year we would write a 150 or 200K check and they would use it and move away. But because technology has changed so has the environment so we dabbled at an accelerator competition, we tried to build in to stay demo days etc,

Then we are going with a super accelerator with the cash and splash, we are calling it the germinator, and every six months they compete. Every stage of the way they go through training. A micro MBA.

10K

50K

100K

Essential for an accelerator to have a focus. We went into this a agnostic and to try to align and focus the material and case studies it is impossible from an efficiency standpoint. Thinking about the future, if we run this again we will focus. A defined focus also works for funders.

What are the strategies you use to entice the companies who have received some investment to stay in the area? Tony – with our most recent program we have a clause that is named after the company that left. We give our terms up front and we try to be very transparent and the clause is 5X what we put in. We also have a residency requirement of about a year. We are not sure that works but with the number of applicants we are seeing we think it is o.k.

Susan – We tried to do a community fund but our accelerator is a city owned building under the office of economic development so I have to accept anybody. We are opportunistic and take anyone, we only provide space.

Question for Joe: Global Accelerator Network how important is that for you. When you are setting up this program our managing directors job description came from

here. And they have a playbook before you become a perspective member and I think it is going to be money well spent. For a non-profit it is under 10K, then next year 8K,

Joe Morison we are having an argument about what our vertical should be  
Nolan is on the team – raise your hand if you think energy is a good vertical? A  
targeted energy that you  
Energy / Arctic Technology  
Energy  
Arctic Technology

Why did you not also consider horizontal – can I keep picking on you Nolan. It creates more possibility to bring in mentors. If the oil fund wants to . . .  
Joe, my take is I am thinking about the products of the companies. We would like to see two companies receive a half million dollars out of the cohort. There is an accelerator for stuff in the United States, but Arctic technology is a core strength that we do well.

What other metrics do you use to track. I heard exit . . . ,  
You often have to overcome the urgency of short term funding. Creating an entrepreneurial culture that takes a lot of time.  
Chirs – for us there are metrics imposed on us and those we have come up with ourselves.  
# of workshops – generally 400 or so education stuff  
Potential job creation  
Dollars leveraged  
Patents and IP – Universities  
# of applications we receive

Business metrics:  
Exits  
Follow on funding  
Applications received, and where they are coming from. We use different CRMs  
We are seeing interest in China and India  
We are doing interest trips  
How we found the Chinese company – does vein reading

Paying attention to how the market is responding.  
Some metrics are nice to have some are  
Constantly changing your metrics as your program revolves

What is your conversion reaction from application to actual?  
Germinator we received 60 applications to this regional program and we chose 6, what happens to the other 54 is we cycle them into other programs that we offer. 6 other ones fell into other programs – grants for growth university program. So we are trying to create these ladders.

City view Susan:

We do not measure the financing

We track how many locals get involved as mentors

We have interns

We do a lot of programs with the university.

Aging society – but question is in your experience have you found any difference of millennial vs. the other populations – what are those, and how can we be better prepared for the younger. .

Next Tony Kirshaw – University based program upstate New York

Joe Morison – Place 19M dollars into mid and new size, today he leads a new venture Launch Alaska, a state wide accelerator program.

1,000,000 cups  
Secure access to services  
Second Skin

The problem – security  
Bi-metric security  
Piezoelectric skin

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.

- B. 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.

- C. 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,<sup>26</sup> 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%.<sup>27</sup>

**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.

<sup>26</sup> Estimate provided by Paul Dauphinais, Executive Director, Homer Chamber of Commerce.

<sup>27</sup> 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.
- Serve as liaison with the Planning and Public Works departments to help business owners understand relevant City codes and navigate the permitting process as efficiently as possible.
- Maintain the Economic Development section of the City of Homer website.
- 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.

## 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.

<b>DOWNTOWN VITALIZATION</b>	
<b>Goal: Enhance downtown Homer as a magnet for business development, a destination for residents and visitors, and a recognized asset contributing to Homer's quality of life.</b>	
A. Complete master planning for the Town Center district.	City Council, possibly working with task force
1. Identify preferred routes and design for new roads, trails, sidewalks, parking areas, and community open space.	
2. Work with landowners to accomplish land trades or lot line adjustments as needed.	
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.	City Council, Planning Department, Public Works Department
C. Take steps to make Pioneer Avenue more appealing as a commercial district. Support similar improvements on Main Street and Bunnell Street.	City Council, Planning Department, Chamber of Commerce
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.	City Council, City Manager, Special Projects Coordinator
E. Actively promote Town Center as a location for dense, attractive, mixed-use development.	City Council, Economic Development Coordinator, Chamber of Commerce
<b>AN ORGANIZATIONAL STRUCTURE FOR ECONOMIC DEVELOPMENT</b>	
<b>Goal: Greatly increase the chances that other goals in this plan will be accomplished by providing funding and staffing for an economic development office.</b>	
A. Seek permission from the Kenai Peninsula Borough and from voters to enact a modest local bed tax to provide a revenue stream to support economic development activities, possibly including construction and operation of a conference center.	City Council
B. Establish the economic development office as a City division (or initially, a single full-time position).	City Council
C. Establish the geographic reach of the new program as the greater Homer area, to include Homer, Diamond Ridge, Kachemak City, and Fritz Creek.	City Council





## City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

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## City Manager's Report

TO: Honorable Mayor Wythe and Homer City Council  
FROM: Katie Koester, City Manager  
DATE: December 7, 2015  
SUBJECT: City Manager's Report

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### **Proposition 1: Suspension of HART for 3 years**

I want to express my gratitude for how everyone has handled a difficult budget process this year. The Mayor and Council demonstrated leadership and courage by proposing Proposition 1 and engaging in difficult revenue conversations with the public. Every Council member went above and beyond participating in educating the public, advertising the special election and talking to their friends and neighbors. The staff has maintained a positive attitude and exemplary work ethic during a time of budget uncertainty. With reduced staff and reduced budgets, Budget A has many cuts that will affect employees' day to day ability to do their jobs, yet staff has stepped up to the plate and is ready to take on the challenges of leaner times. The community has been engaged since this conversation began in July. They have come out in sunshine and snowstorms to share solutions, ideas and give input. They have written emails, participated in online surveys, stopped by my office and attended Council meetings. My faith and appreciation for this community is reinforced with every conversation I have with Council, staff, and the public. I know the work has just begun, but I also know we have a great team and community that is willing to put in the time and effort. Thank you.

### **Permanent Fund and Investment Policy**

The Permanent Fund Committee reviews the permanent fund investment policies during their first meeting of every year. Ordinance 15-43 eliminates the full service broker contract with US Bank and disbands the committee. The investment policy for all City funds is lengthy and could be simplified. The City needs to make sure we are striking the right balance between safety and returns – keeping in mind that government money must be treated differently than other investments. I think with the shift in management of the Permanent Fund the timing is right for a thorough review of the City-wide investment policy. To facilitate that conversation, Finance Director Li will reach out to other municipalities and see what investment policies they have in place and best practices. One recommendation that was brought to us by Time Value Investments, who holds some bonds for the City of Homer, is to invest dollars the City is willing to take a higher risk with (like the Permanent Fund) in index funds that track the market. This will be one, among many, considerations. How involved would Council like to be in looking at the investment policy? Should we schedule a work session in February to get into details or would you like staff to bring forward an ordinance, at which time Council can decide if more hands-on work is warranted?

### **February 12, 2016 Due Date set for Condominium Natural Gas HSAD**

Resolution 15-081(S) delegated authority to the City Manager to set a deadline for the condominium units in the Natural Gas HSAD. The court mandated that the deadline be no more than 90 days after court approval of the assessment roll, November 16. City code requires 60 days notice before the assessment is due. I have set February 12, 2016 as the due date for the assessments. Statements will be mailed to condominium owners no later than December 11, 2015. Condominium owners all owe a different amount depending on how much their percentage of ownership is in the building. Owners can pay the balance off in full or a minimum of \$405.27 (principal plus interest). According to Resolution 15-081(S) interest will be applied beginning July 1, 2015.

### **3<sup>rd</sup> Quarter Sales Tax Returns Up Slightly**

Good news - sales tax figures for 3<sup>rd</sup> quarter were up slightly from 2<sup>nd</sup> quarter (0.3%). Though this does not represent a significant increase in revenue, it does mean that the estimates we based the 2016 budget on are on track and we are not forced to make up a big hole. We will watch 4<sup>th</sup> quarter returns closely with hopes that they continue to improve.

### **Visits from the Attorney**

I have been working with Birch Horton Bittner and Cherot on ways we can utilize their services to their maximum capacity. As part of our retainer, the firm has agreed to send an attorney to Homer once a month to meet with staff, participate in committee/commission meetings, and spend more face time in Homer. For example, Attorney Wells will spend all day Thursday with staff working on Lease Committee issues. I think this will be a good use of attorney time and that we will get a lot of value from it.

Enc:

Homer City Code 3.10 Investment and Collateralization of Public Funds

Memorandum 15-206 Alaska Abandoned and Derelict Vessel Task Force report from Port and Harbor Director

Memorandum 15-207 Harbor Safety Committee Report from Port and Harbor Director

Notice of Certificate of Achievement for Excellence in Financial Reporting