

ECONOMIC DEVELOPMENT ADVISORY COMMISSION
491 E. PIONEER AVENUE
HOMER, ALASKA

OCTOBER 24, 2017
TUESDAY, 6:00 P.M.
CITY HALL COWLES COUNCIL CHAMBERS

**NOTICE OF MEETING
WORKSESSION AGENDA**

- 1. Call to Order**
- 2. Agenda Approval** (Only those matters on the noticed agenda may be discussed)
- 3. Business, Retention, & Expansion Initial Results**
- 5. Audience Comments**
- 6. Adjournment**
Next Regular Meeting is Tuesday, December 12 at 6:00 p.m., in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.



City of Homer

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Administration

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Memorandum

TO: Economic Development Advisory Commission
FROM: Jenny Carroll, Special Projects & Communications Coordinator
DATE: October 19, 2017
SUBJECT: BR&E Initial Statistical Report for EDC Worksession

BR&E SURVEY

The BR&E Survey closed on October 13 with 112 total respondents. I am providing here an initial summary of the aggregated data to give you statistical information prior to the Tuesday, October 24th worksession at 6:00 pm.

The October 13 worksession will be a time for the Commission to share their thoughts on the survey results, identify and understand issues brought out by the business community and begin identifying local strengths, weaknesses, opportunities and red flags.

UPCOMING EDC MEETING SCHEDULE

Business Meeting: Due to the cancellation of the October 10 regular business meeting, the EDC has a couple of business items to complete, namely selecting a Chair and Vice Chair and approving the 2018 meeting schedule. Another item could be scheduling another BR&E worksession during the week of December 17th (see below).

Please check your calendars and RSVP to Hayley Smith about your availability for the proposed November 7th Special Meeting at 6:00 pm.

Worksession: Chair, Karin Marks is proposing a worksession sometime during the week of December 17th to review and incorporate comments gathered during the one-on-one BR&E interviews. Please check your schedules so a date may be selected at the November 7th Special Meeting.

EDC BR&E Survey 2017 – Initial Statistical Outcomes

Characteristics of businesses participating:

Location (112): 80% of the businesses responding are located within City of Homer; remaining 20% outside City limits. 64% of the respondents also live within the City of Homer; 36% outside the City limits but within the Kenai Peninsula Borough.

Business Categories and Activities

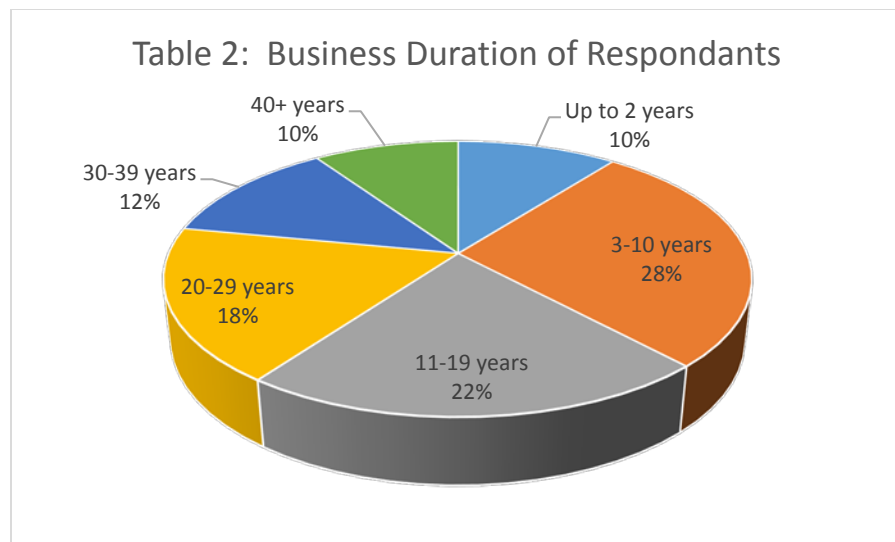
111 respondents placed their business into an industry category. Table 1 provides the number of each industry type represented. Many businesses reported they work across a couple to several industry categories, leading to 181 industries listed. For instance, a business that is in the Arts & Entertainment category may also sell retail goods or provide a separate but related service such as accommodation.

Industry	Number
Retail Trade	19
Arts & Entertainment	18
Tourism	16
Accommodation / Food Service	14
Construction / Fabrication welding	13
Real Estate / Rental & Leasing	12
Professional / Scientific / Technical	12
Health Care Services / Social Assistance	11
Commercial Fishing	10
Agriculture	9
Education	8
Manufacturing	6
Administrative Support / Management of Companies	4
Communication / Utilities	3
Wholesale Trade	3
Finance / Insurance	2
Transportation	2
Mariculture	1

95% of these businesses are locally owned and operated.

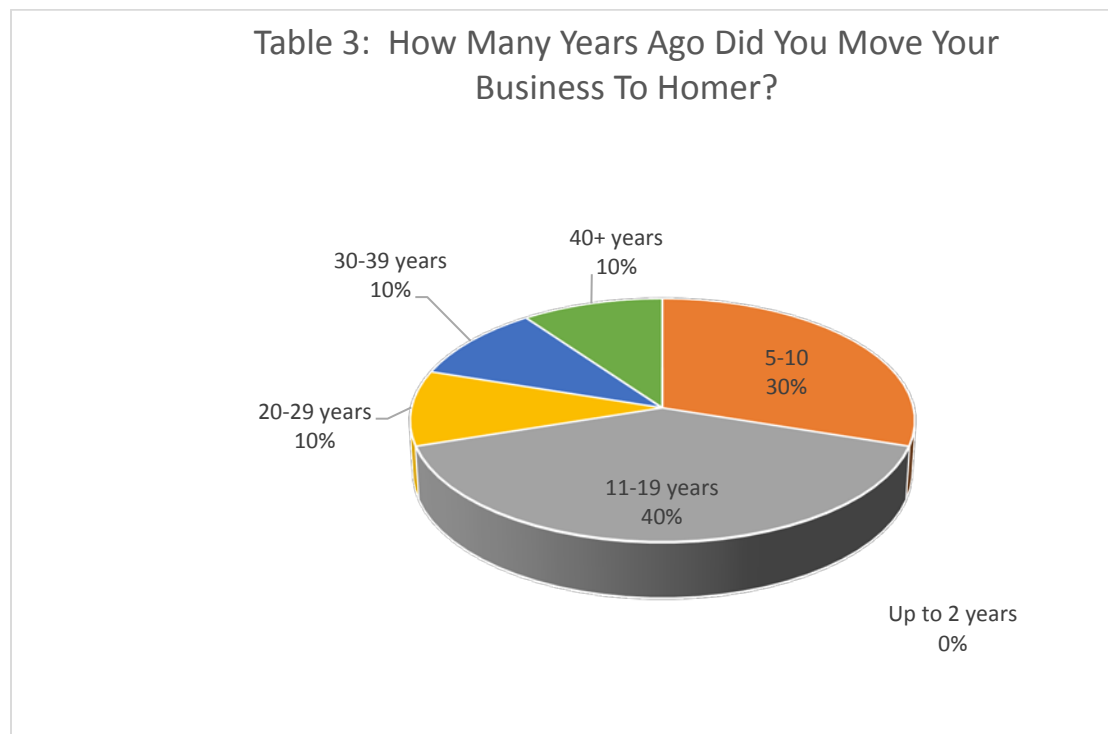
Longevity (105): *I sorted responses into age ranges roughly along decades, which can be adjusted. Please let me know your thoughts/reasoning for different age ranges.* Most of the businesses (87.5%) began their operations in Homer. Respondents were asked the number of years they have been in business. The largest number of respondents (50%) have been in business between 3 and 19 years. The smallest categories were start-ups at 11% and 40+ year-old businesses.

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An estimated average age for all businesses is 24 years.

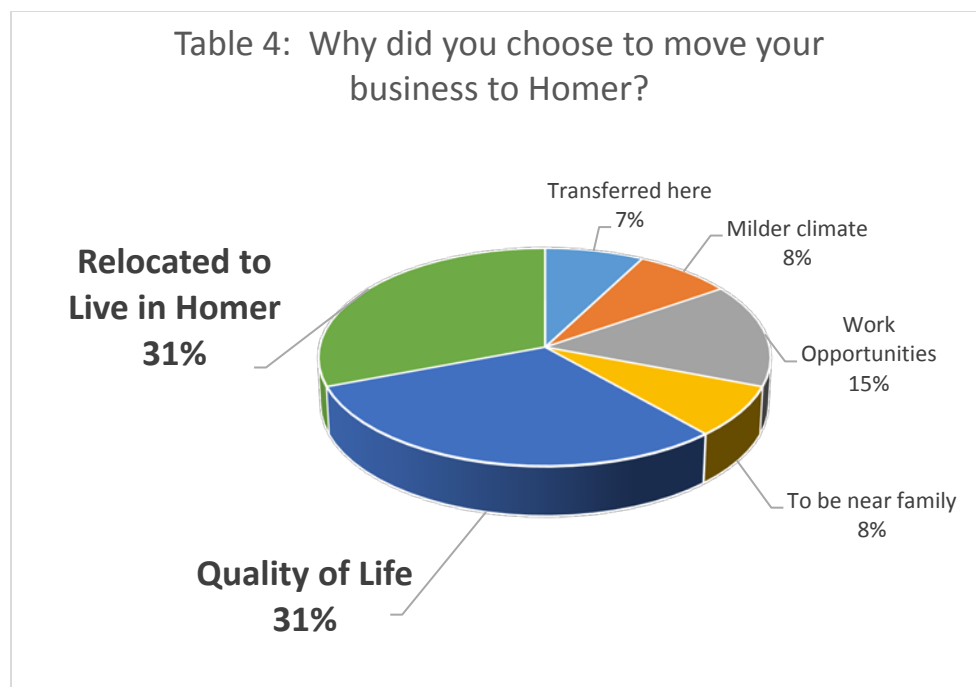
A small percentage of respondents said they moved their already established business to Homer as recently as 5 years ago to as far back as 40 years ago, with the majority arriving between 3-19 years ago.



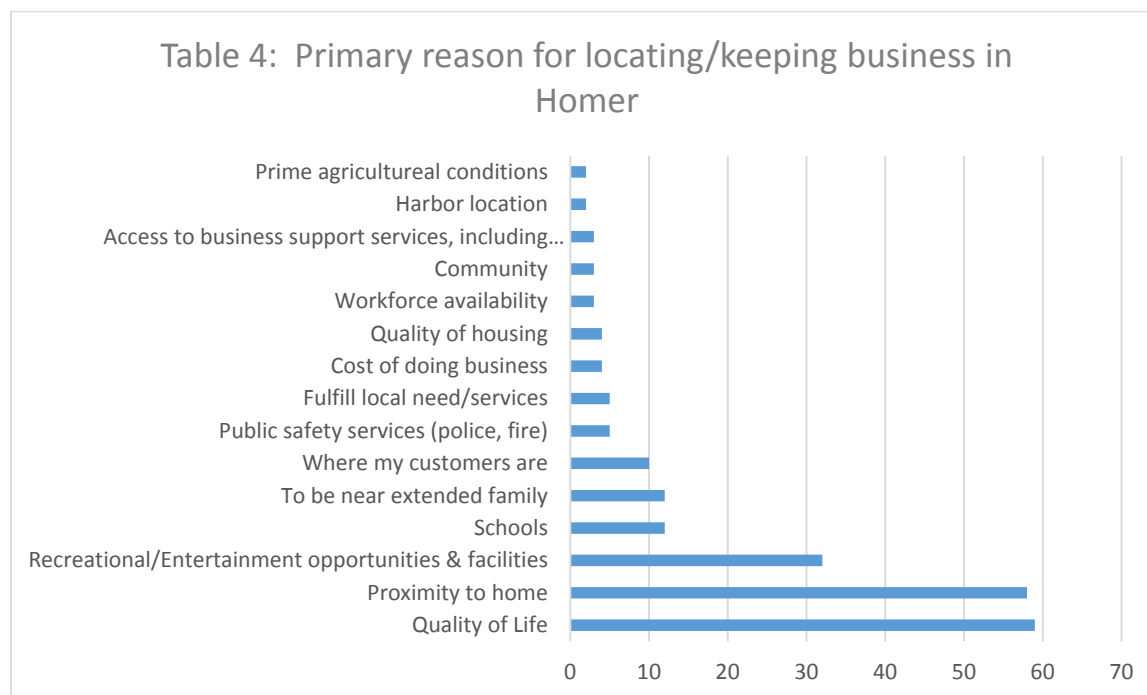
Of the respondents that moved their business to Homer (12), 69.2% moved from another location within Alaska. The remainder moved from another location within the U.S.

The topmost reasons respondents gave for **moving** their business to Homer included that they moved to live in Homer and quality of life. Second most mentioned was work opportunities.

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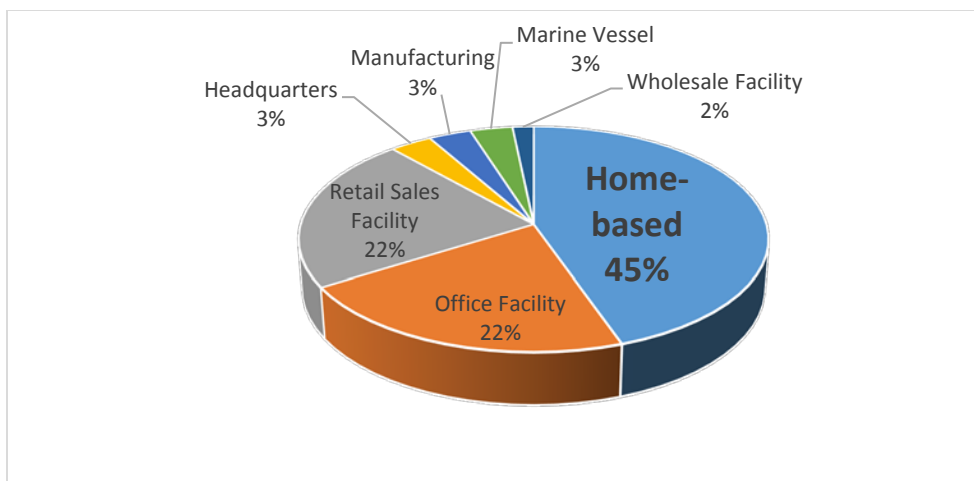
109 respondents offered a variety of reasons for why they chose to **start or keep** their business in Homer, with quality of life and proximity to home topping the chart followed next by recreational/entertainment opportunities and facilities. This indicates that people do business in Homer because it is a place they were attracted to and chose as a place to live.



Two businesses mentioned specifically locating outside City limits; one for tax advantages to be more competitive the other for prime agricultural conditions.

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Types of Business Facilities



77% of respondents own their facility; 23% lease their facility.

Seasonality of Business (109)

Businesses were asked when they do most of their business.

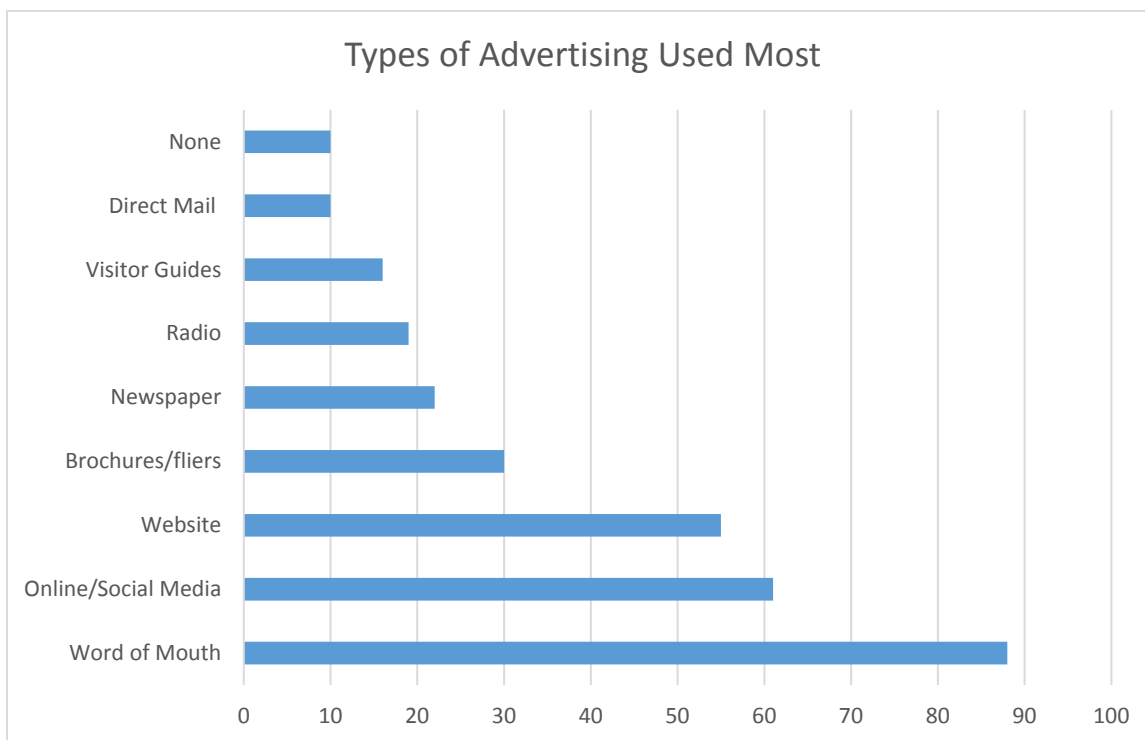
46% - Year round

41% - Summer only or summer including some shoulder season

14 % - Winter

4% - Shoulder seasons (spring and/or fall)

Marketing



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Many businesses rely on word of mouth most for advertising their business. The next most often used advertising media is online through social media and websites, whether one specifically for the business or third party websites like Trip Advisor, Craigslist and VRBO.

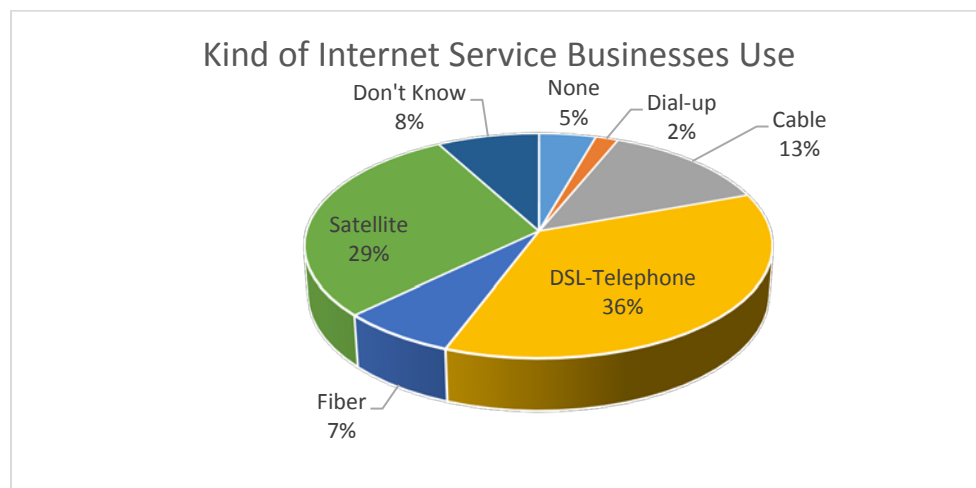
73% of respondents have or advertise on social media a business website (112). The main reasons respondents gave for not having a website included: No need (48%), Time commitment 28%), Cost (12%), No IT support (12%).

The majority of respondents (73%) shared advertising expenses with other businesses for the promotion of their business.

For those that don't participate in shared advertising, the circumstances under which businesses would consider it were: to advertise Pioneer Avenue, only with businesses that shared complimentary or related products/services, or shared similar business practices/ideals/standard like sustainability for example, and a local housing website to compete with VRBO.

Technology

In an effort to understand how much internet access affected local businesses utilize computer/digital technology, the survey asked several questions about technology.



Satisfied?

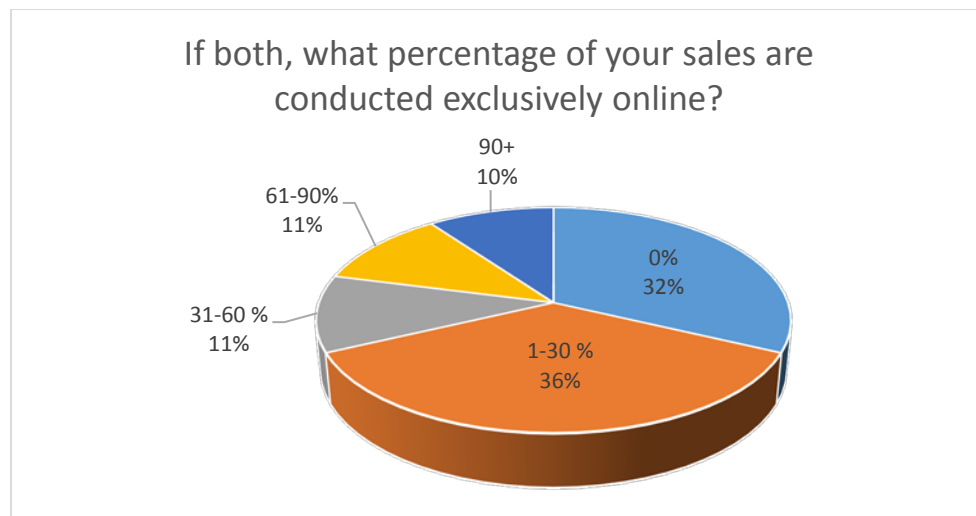
73 responses. 55% are satisfied. Slow speeds and unreliable or intermittent service were the most mentioned issues, followed by cost. When asked if cell phone reception or “dead” areas were an issue for businesses (111) 46% said yes.

Manner in which sales are made

The survey asked if their services are sold from a brick & mortar store front, from the internet, or from cooperative or vendor market space, or both.

Only a small percentage, 6.9% of respondents said they sell their products and/or services exclusively online. 24.8% said they sell from both a storefront and online. Businesses that participated in both online and storefront sales were asked their percentages:

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One respondent said that while initial sales online was low (approx. 2%), over 50% of recurring sales occurred online.

27% respondents sold exclusively from a brick and mortar or vendor market space. 25% responded N/A. Other responses, included through cooperatives, phone sales, direct marketing and to canneries.

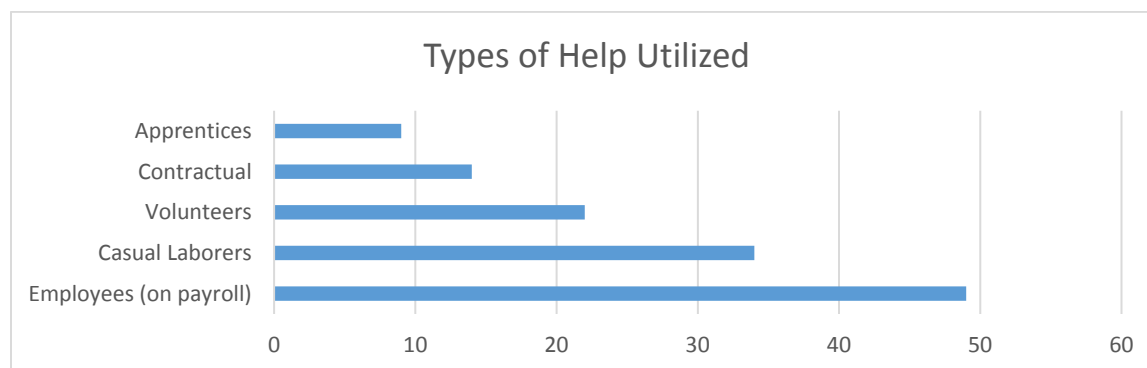
Business Purchases

Major factors that influenced where businesses make their purchases included:

Cost (43 mentions) and Availability (33 mentions) topped the list. Next most often cited factors included Quality (9), Support local merchants/economy (8), location of manufacturers of specialized products- could be considered availability- (7). Shipping options (5), Quick/easy delivery (4), Earth friendly/fair trade/organic/non-GMO (5) and service (4) round out the list. Other unique factors brought up by individuals included Alaskan made and if purchase supports certain interests/causes.

Employment

75% of respondents said they currently or in the last three years utilized help to operate their business.



The majority of businesses operating payrolls are businesses with 1-3 full time employees and/or part-time employees. 62% report they currently hire 1-3 full time employees; 27% hire 4-10 full time employees and 9% have 11+ full time employees. Of the businesses that hire part time employees, 49%

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hire 1-3 part-time employees. When asked how the number of employees has changed over the past three years, the only notable change was the number of businesses with 1-3 employees increased from 40 to 49 in that time. The number of businesses with 4-10 employees decreased slightly in that time from 19 to 15.

Reasons given for changes in numbers of employees over the last three years include the following: 22% and 21% of respondents cited changes in consumer demand and changes in profits/revenues as the top two reasons respectively. 15% cited expansion, 12% change in worker efficiency and 6% due to changes in the way they are doing business and 6% due to new products.

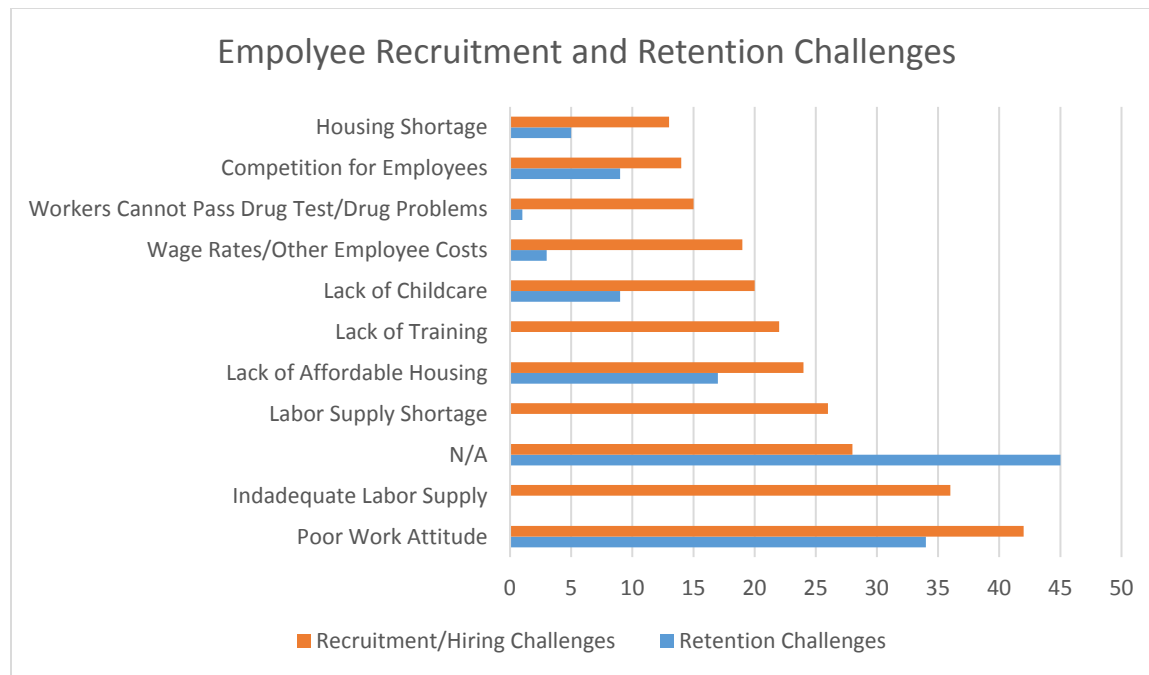


When asked to rate the quality of the labor pool as it relates to their business:

	Very Good	Good	Fair	Poor
General Labor (79)	11%	29%	42%	27%
Skilled Labor (80)	15%	30%	29%	26%
Clerical (59)	14%	39%	34%	14%
Sales (53)	14%	26%	30%	30%
Professional/Management (57)	16%	26%	33%	25%
Temporary/Contractual (62)	11%	35%	35%	19%
Youth (54)	6%	18%	31%	45%

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Recruitment and hiring challenges were rated the following:



The two highest ranking recruitment categories poor work attitude and inadequate labor skills. Comments added under this question included technology illiteracy, statewide lack of and difficulty recruiting professionals with highly specialized skills.

Fewer people reported retention challenges than recruitment challenges. The highest ranking recruitment challenge is also the biggest retention challenge cited: poor work attitudes. Other categories (that also overlap recruitment challenges) include lack of affordable housing, lack of childcare, competition for employees and housing shortage.

Some comments pointed out structural challenges to retention which included that the seasonality of commerce and abundance of non-career jobs here, as well as the health care and other costs of having employees. Others mentioned lack of commitment to training/advancing skills, which is more a labor or work attitude issue.

Many ideas were offered as strategies that could help address recruitment and retention challenges. Lower cost of living was most often mentioned strategy to address the labor supply shortage. Affordable housing in general was highest among these. Two single comments included a need for affordable housing for seasonal workers, and that a lot of low cost housing is rented out seasonally to visiting construction workers. The need for affordable childcare was next, followed by services for families. (One respondent mentioned to get rid of welfare.)

Another strategy suggested is to enlarge Homer's mid-level job market by focusing on infrastructure and programs to attract educated young families to Homer and improved internet to encourage remote work opportunities. Another response was the need for more family-sized rental housing affordable for Homer's working middle class.

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Four comments addressed strategies to address recruitment challenges:

- hire more university students, recruit out of state
- advertise positions for free through the City of Homer website
- use more long-term contractual commitments
- have the ability to pay the same wage as bigger cities for same job.

Another comment suggested that Homer continue to focus on quality of life (greenways, non-motorized transportation alternatives and public services) so that wages are not the sole determinant of someone coming to work or staying to work in Homer.

Many comments addressed the need for a larger pool of better trained, more skilled local workers. (Two commenters said there was no shortage in seasonal or temporary workers.) Most often mentioned strategy included education – including (1) better life skills/character building lessons taught by parents and schools, (2) local schools offering more and better quality vocational/skilled trade programs, and (3) stronger partnerships among city, borough and state governments, private sector and schools to provide career education/work skills development opportunities and challenge Homer’s youth to higher achievement.

Employee Training

75 survey participants responded to the question whether their employees require training when they are hired. 93% said yes.

The large majority of respondents perform in-house or on-the-job training (86%). The next most frequent types of employee training were self-taught through manuals/videos, etc. at 20%, sending employees to workshops at 13%, distance learning at 11% and apprenticeships at 7%. 6% mentioned contracting with private or public vendors like the college.

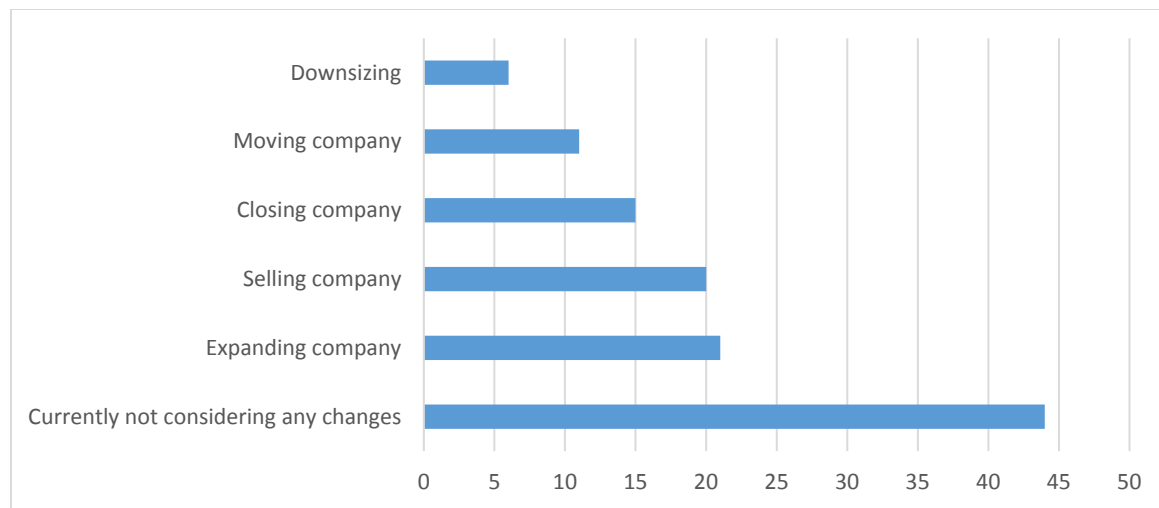
When asked if their business would benefit from local training opportunities, answers were split roughly in thirds – yes, no and maybe. Specific topic listed that would be of value locally included:

- Workforce development in vocational-technical fields such as marine trades, industrial sewing, etc.
- Basic computer, computer specialties and networking
- General job readiness/social/ life skills such as parenting classes, customer service, basic computer, cash handling, accountability and work ethics
- How businesses can conduct mentorships / job training apprenticeship program
- Food safety
- Master gardener classes

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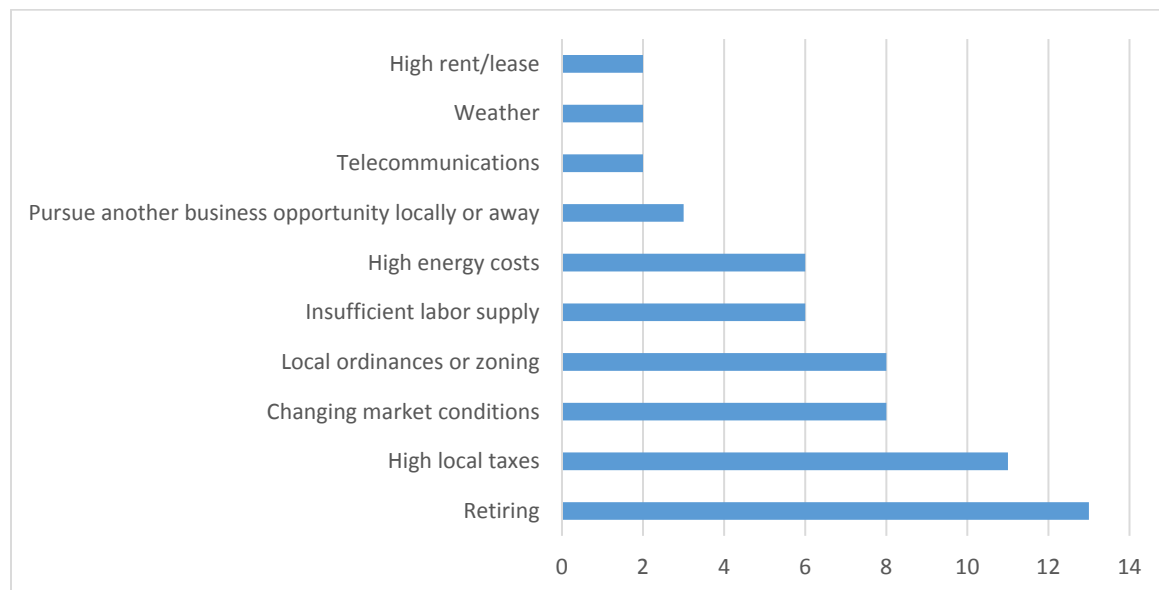
Possible future trends for businesses

93 survey takers responded to whether they are currently considering changes to their business:



Nearly half the businesses are not considering changes (47%); 24% are considering expansion.

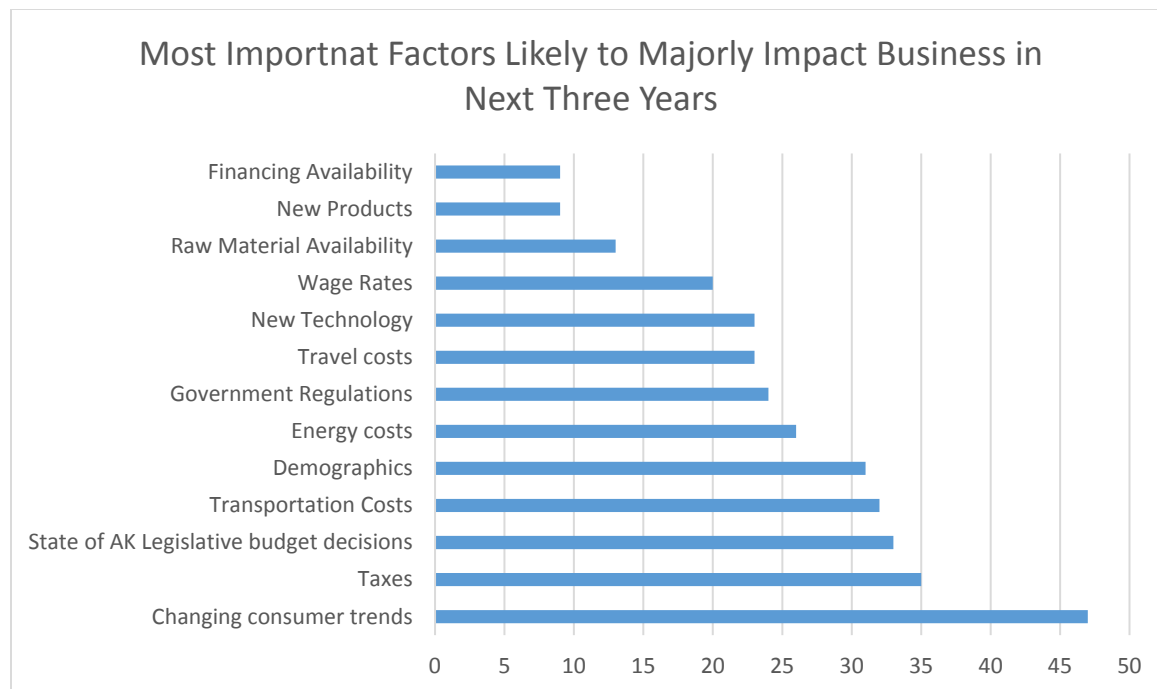
Of the businesses considering downsizing, moving or closing, the following were listed as contributing factors:



Comments under Local Ordinances/Zoning included lack of land to expand may force move outside City limits, and another the lack of long-term vision in local infrastructure development. Other comments included City of Homer, too many of the same type of business, financial mismanagement at the State level which will lead to reduction in essential state services like road maintenance and Federal indecision on healthcare.

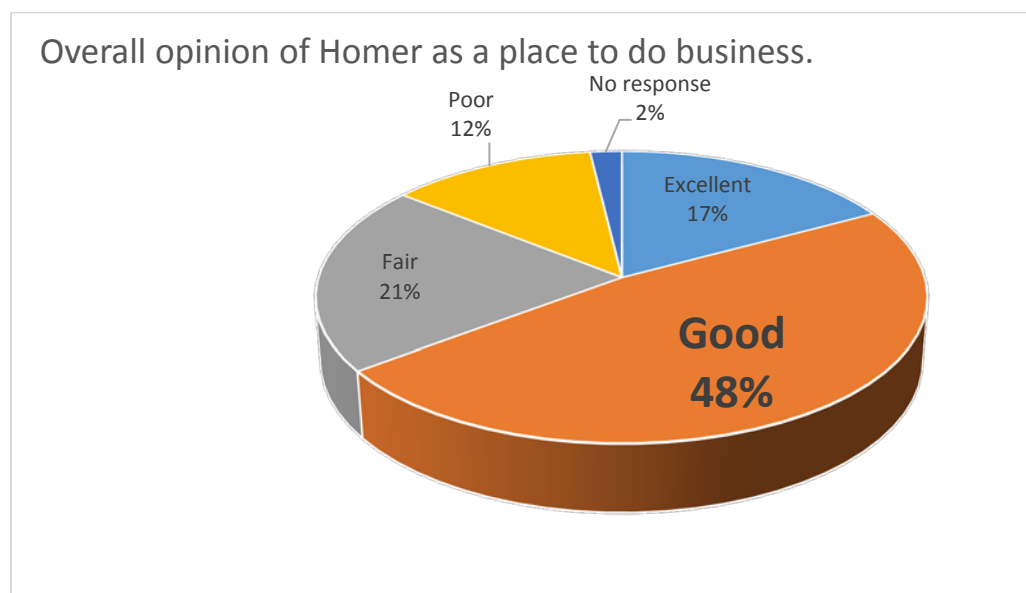
When asked the most important factors likely to have a major impact on your business in the next three years, 110 survey takers responded:

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Three comments point to quality of life factors that would impact business: overcrowding and insufficient services, events like the recall effort leading to a negative town image and Homer's beauty and planned aesthetically pleasing growth. Three comments pointed to too many businesses of one kind and not enough demand; two mentioned need for healthy environment for fish; and two mentioned high City water and sewer rates.

When asked for an overall opinion of Homer as a place to do business, nearly half said it is a good place to do business:



When asked for an overall opinion of Homer as a place to live, over half (53.3%) said excellent:

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