



City of Homer

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Memorandum 22-160

TO: Mayor Castner and Homer City Council
THROUGH: Julie Engebretsen, Economic Development Manager
FROM: Economic Development Advisory Commission
DATE: September 15, 2022
SUBJECT: Recommendation on funding for the Homer Business Advisor Position

The Alaska Small Business Development Center (AKSBDC) has approached the City of Homer with a request for \$10,000 to help fund the part time Homer Business Advisor position. Robert Green, Homer Business Advisor, will be giving Council a presentation on what services the SBDC provides, and the economic impact of those services on Homer businesses. (I won't duplicate that information here.)

Council may recall approving funding of \$25,000 for this position in FY 22. For FY23 and the future, the Kenai Peninsula Borough increased its funding to SBDC to support the Homer position. This additional funding reduced the local match needed from the City. With the rising costs of providing services, the AKSBDC found they still had a fiscal gap of \$10,000 to continue these services in Homer. Robert Green will be giving the Council a presentation on September 26th, and will be available to answer any questions.

The Economic Development Commission recommends the City Council approve the funding request.

Recommendation: Provide funding to the AK SBDC for one year in the amount of \$10,000.

Attachments

July 12, 2022 letter from Jon Bittner, Executive Director AK SBDC

EDC Minutes of 8/23/22



July 12, 2022

City of Homer
491 E. Pioneer Ave
Homer, AK 99603

Dear Mayor Castner, City Council, and City Staff,

This letter serves as our quarterly report for the period April 1 to June 30, 2022. The Homer Business Advisor, Robert Green, has been busy this quarter working with clients preparing for summer tourist season. In May, the Kenai Peninsula Borough increased SBDC funding, which reduced the requirement from the City of Homer from \$25,000 to \$10,000 for the next fiscal year. There is strong demand for SBDC services in Homer, with 29% of our active peninsula clients in the area, so local support to retain the Homer Business Advisor position is crucial for the local economy. We are doing our best to keep the financial burden low for the City of Homer, so we can continue to provide excellent local support to business owners and entrepreneurs in the area. Here is a summary of deliverables to the Homer community during the quarter (year):

Client Hours: 132.1 (328.5)	Jobs Supported: 152 (266)
Total Clients: 34 (77)	Capital Infusion: \$933,400 (\$1,116,900)
New Businesses Started or Bought: 3 (8)	Client Surveys: 80% positive (88% positive)

The contract rate for a business advisor is \$55 per hour, which includes salary, benefits, fixed, and administrative expenses. In addition to local expertise, the Alaska SBDC provides IBISWorld industry reports, retailing for \$925 each, and ProfitCents financial analyses, valued at \$2,750 each, to clients free of charge. Here is a summary of value provided to the Homer community during the quarter (year):

Business Advisor: \$13,860 (\$27,555)
IBISWorld Industry Reports: \$10,175 (\$19,425)
ProfitCents Financial Analyses: \$8,250 (\$24,750)
Total: \$32,285 (\$71,730)

We would like to thank the City of Homer for their support of the Homer Business Advisor position. Not only has Robert excelled in Homer, but he has become a valued part of the Alaska SBDC staff. We greatly appreciate the knowledge, experience, and consistency he brings to our team. Please do not hesitate to contact us if you have any questions.

Sincerely,

DocuSigned by:

Jon Bittner

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Jon Bittner

Executive Director
Alaska SBDC

Chair Marks inquired on the intentions of Aspen Hotels using the Beluga Trail, and whether the lack of having it would impact visitors. Ms. Engebretsen shared her professional opinion on the project from a planning perspective and has strong reservations against it. She agreed with Commissioner Person that there isn't really a community advocate for it.

Discussion ensued on the motion on the floor and if there were any negative impacts from removing the project.

VOTE: YES: GAMBLE, PERSON, MARKS, BROWN
NO: CHEROK, PEREZ, AREVALO

Motion carried.

- B. Funding Request for the Alaska Small Business Development Center (AK SBDC) Homer Office
 - i. July 12, 2022 Letter from Jon Bittner, Executive Director AK SBDC
 - ii. AK SBDC Presentation from Fall 2021

Chair Marks introduced the agenda item by reading the title. She spoke to the previous request approved by City Council that helped fund the part-time position for Robert Green to work as the Homer representative. This request is to cover additional costs for the position after the University of Alaska, where this position falls under per this arrangement, discovered the initial budget did not cover the full wages per the University's wage requirements. She noted a presentation by Mr. Green would be possible if more information is needed.

GAMBLE/PEREZ MOVED TO RECOMMEND TO CITY COUNCIL TO APPROVE THE FUNDING REQUEST FOR \$10,000 TO SUPPORT A PART-TIME EMPLOYEE IN HOMER FOR THE ALASKA SMALL BUSINESS DEVELOPMENT CENTER.

Commissioner Brown requested clarification on what City Council's thoughts were when this was before them earlier this year, and where the SBDC offices were located. Economic Development Manager Engebretsen summarized how those councilmembers who had a hand in economic development understood that supporting small business development was very important for our Homer economy, and that Council should support that development. She noted there was a kind of ideological split about what the government's role is in that. Ms. Engebretsen further explained how the main office is located in Kenai, which is largely paid by the Borough. The office in Seward is funded significantly by the City of Seward. Homer pays the least amount on the peninsula towards their office.

Chair Marks explained how these funds are applied to operating the SBDC in Homer. She clarified what she considered a misunderstanding during Council's discussion on the subject; there is in fact other assistance coming from other government bodies: the Borough was providing income. And the Chamber of Commerce was providing assistance through free office rent and essentially a receptionist, phone service, and internet. Chair Marks commented that when this goes before Council, she will be emphasizing these clarifying points, and how this funding is for salary.

Commissioner Person noted that at the Council meeting, some councilmembers did not want to support the funding request as they already offered nonprofit funding through the Homer Foundation. Chair Marks responded by noting that the SBDC is not a nonprofit and while some may think going up to the Central Peninsula office or reaching out virtually may not be difficult for some, there are others and some situations that greatly benefit from having a live person locally.

Commissioner Perez commented on the statistical information provided in the SBDC's letter and proposal. He voiced his hesitancy to support the additional funding but acknowledged we are a small community, the growth and dollar amounts are relatively small, but it would be nice to see what those numbers look like a year out before determining if we have to commit more.

Commissioner Arevalo clarified with Ms. Engebretsen on the previous monies allocated, and what portion of that was from COVID-related funds. Commissioner Arevalo commented on her reasons for supporting the initial funding request. It's not subsidizing a private business or normal nonprofits, it's subsidizing a service that the City can't provide based on its own infrastructure regarding economic development. That ties into their SWOT analysis and a good reason to invest in it.

VOTE: YES: PEREZ, AREVALO, CHEROK, GAMBLE, MARKS
NO: PERSON, BROWN

Motion carried.

C. June 14, 2022 Regular Meeting Minutes

Commissioner Brown requested Consent Agenda Item A be moved to New Business for discussion.

Chair Marks requested a motion.

AREVALO/PERSON MOVED TO APPROVE THE JUNE 14TH MEETING MINUTES.

Commissioner Brown requested clarification on the last sentence under the Housing Staff Report that read "Aspen was constructing employee housing units..." It was clarified by Economic Development Manager Engebretsen that it was in relation to the Aspen Hotel.

Commissioner Brown Engebretsen inquired if the commission had discussed plans to have much larger community input, in reference to a statement made under the agenda item Balance of Quality of Life, Change, and Community Growth Discussion. Ms. Engebretsen clarified that Commissioner Perez had asked if they could use a survey to get the SWOT analysis out to the larger public for more input, and she had responded saying it's a great idea but it's a Comprehensive Plan-level of effort and how that impacts staff's and the commission's time.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

INFORMATIONAL MATERIALS

- A. EDC 2021-2022 Strategic Plan/Goals
- B. City Manager's Report for August 8, 2022
- C. EDC 2022 Calendar

Chair Marks spoke to the informational materials. She noted the update from Public Works Director Keiser has been moved to the EDC's September meeting.

Discussion ensued on selecting volunteers for giving Council reports. Feedback was provided to Deputy City Clerk Tussey to update the EDC's meeting calendar.

COMMENTS OF THE AUDIENCE

CITY OF HOMER
FINANCIAL SUPPLEMENT

PROJECT NAME	<u>Homer Business Advisor Position - Partial Funding</u>	DATE	<u>09/21/2022</u>
DEPARTMENT	<u>City Council</u>	SPONSOR	<u>Venuti/Erickson</u>
REQUESTED AMOUNT	<u>\$ 10,000</u>		

DESCRIPTION	<p>The 2018 Comprehensive Plan Chapter 7 Goal 2 States: Encourage the retention and creation of more year round, higher wage jobs.</p> <p>The Alaska Small Business Development Center (AKSBDC) provides no-cost, confidential, individual business coaching to grow small businesses in Homer. The AKSBDC is requesting the city provide funding in the amount of \$10,000 to partially fund the local half time Homer Business Advisor position. The Homer position is conveniently located within the Homer Chamber of Commerce, which provides the office space and supports free of charge. The EDC considers this investment to be of minimal cost and of great benefit to local businesses to have local advisor services.</p> <p>The Homer City Council supports the work of the AKSBDC and requests an annual presentation on the activities of the Homer office.</p>
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FUNDING SOURCE(S)	GF Unassigned FB	GF CARMA	GF FLEET CARMA	PORT RESERVES	WATER CARMA
	100%	0%	0%	0%	0%
	HAWSP	HART-ROADS	HART-TRAILS	PORT FLEET RESERVES	SEWER CARMA
	0%	0%	0%	0%	0%

FUNDING SOURCE 1: <small>General Fund Unassigned Fund Balance</small>	FUNDING SOURCE 2:	FUNDING SOURCE 3:
Current Balance <u>\$ 7,510,994</u>	Current Balance _____	Current Balance _____
Encumbered <u>\$ 1,545,000</u>	Encumbered _____	Encumbered _____
Requested Amount <u>\$ 10,000</u>	Requested Amount _____	Requested Amount _____
Other Items on Current Agenda <u>\$ 0</u>	Other Items on Current Agenda _____	Other Items on Current Agenda _____
Remaining Balance <u>\$ 5,955,994</u>	Remaining Balance _____	Remaining Balance _____
FUNDING SOURCE 4:	FUNDING SOURCE 5:	FUNDING SOURCE 6:
Current Balance _____	Current Balance _____	Current Balance _____
Encumbered _____	Encumbered _____	Encumbered _____
Requested Amount _____	Requested Amount _____	Requested Amount _____
Remaining Balance _____	Remaining Balance _____	Remaining Balance _____