



AGENDA ITEM REPORT

Recommendation from the Economic Development Advisory Commission Re: funding Alaska Small Business Development Center (AKSBDC) part time business advisor position in Homer

Item Type: Informational Item
Prepared For: Mayor Castner and Homer City Council
Meeting Date: 24 April 2023
From: Economic Development Advisory Commission

Summary Statement

The Economic Development Advisory Commission recommends the Homer City Council fund the Alaska Small Business Development Center (AKSBDC) part time business advisor position in Homer for \$15,000 per year for FY 24 and FY 25.

For the past two budgets, the Alaska Small Business Development Center (AKSBDC) has requested financial support from the City of Homer to help fund a part time business advisor position in Homer. The local advisor helps new businesses and existing businesses access resources such as business planning, preparation for buying and selling businesses, and education for small business owners. This is an important service and staff is increasingly referring people to the AKSBDC, rather than taking the time to explain all the ins and outs of starting a business in Homer or the southern peninsula.

The AKSBDC also receives financial support from the Kenai Peninsula Borough. The Borough has increased their funding of this position, so the cost to the City has been reduced from prior years. Funding in the amount of \$15,000 per year for FY 24 and 25 is requested to continue the funding partnership to allow this service to be continued in the community.

The Economic Development Advisory Commission supports this service for businesses in the Homer community.

Attachments:

Budget Request staff report
EDC minutes of 4/11/23
Funding request letter



ACTION ITEM REPORT

Budget – AKSBDC Request

To: Economic Development Advisory Commission
From: Julie Engebretsen, Economic Development Manager
Meeting Date: 11 April 23

Summary Statement:

For the past two budgets, the Alaska Small Business Development Center (AKSBDC) has requested financial support from the City of Homer to help fund a part time business advisor position in Homer. The local advisor helps new businesses and existing businesses access resources such as business planning, preparation for buying and selling businesses, and education for small business owners. This is an important service and I am increasingly referring people to the AKSBDC, rather than taking the time to explain all the ins and outs of starting a business in Homer or the southern peninsula. (I continue to provide information on local regulations and City specific topics).

The AKSBDC also receives financial support from the Kenai Peninsula Borough. The Borough has increased their funding of this position, so the cost to the City has been reduced from prior years. Funding in the amount of \$15,000 per year for FY 24 and 25 is requested to continue the funding partnership to allow this service to be continued in the community.

Staff Recommendation:

Request funding for the AKSBDC Homer Business Advisor Position in the amount of \$15,000 for FY 24 and \$15,000 for FY 25.

Attachments:

April 4th letter from AKSBDC

April 4, 2022

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

Dear Mayor Castner, City Council, and City Staff,

I am writing in support of the city adding \$15,000 per year in the biennial budget for the Alaska SBDC to retain the Homer Business Advisor position. The Alaska SBDC is funded by the Small Business Administration, the State of Alaska, private sector donations, and local governments. For smaller communities, like Homer, a 50% local match is required to maintain an on-site position. In order to continue staffing the Homer Business Advisor position, the Alaska SBDC requires funding in the amount of \$15,000 each year, in FY24 and FY25.

The Alaska SBDC has maintained a presence on the Kenai Peninsula for nearly three decades. In 2009, Bryan Zak was hired to replace Mark Gregory as the Kenai Peninsula Center Director. Since the position is based in Soldotna, Mr. Zak was required to commute to Soldotna each week, being allowed to work from the Homer Chamber of Commerce part-time to support South Peninsula clients. This position is supported primarily by funding from the Kenai Peninsula Borough. When Mr. Zak left the SBDC in 2018, he was replaced by Cliff Cochran, who works out of the Soldotna office. From 2018 to 2020, Mr. Cochran provided business advising to Homer area clients from his office in Soldotna.

At the start of the COVID-19 pandemic, it became clear an Alaska SBDC advisor was needed for the Homer area. Outside the main population centers in Alaska, Homer became a hot spot for SBDC demand. In June 2020, the Alaska SBDC allocated part of its CARES Act funding to hire a temporary business advisor for Homer. Robert Green has served as our Homer Business Advisor since then and has experienced success. In 2022, Mr. Green provided 556.8 hours of advising to 115 clients in Homer, helping 16 new businesses launch, while supporting 342 jobs and \$3.2 million in business loans.

The total cost of the Homer Business Advisor position is an estimated \$70,928 in FY24 and \$72,577 in FY25, which includes salary, benefits, taxes, supplies, fixed and administrative expenses. With \$20,000 in support provided by the Kenai Peninsula Borough, the Alaska SBDC shall retain the Homer Business Advisor position with \$15,000 in support from the City of Homer, each year, in FY24 and FY25.

We would like to thank the City of Homer for the support provided to keep our Homer Business Advisor position staffed. If you have any questions, please do not hesitate to contact me.

Sincerely,



Cliff Cochran, MBA
Kenai Peninsula Center Director
Alaska SBDC

In response to her request for a commissioner to join her for the presentation to Council, Commissioner Perez volunteered to be present.

There was discussion on Mayor Castner's veto of the Comprehensive Plan contract, and the line item reduction to conduct a planning and zoning code rewrite but not the Comprehensive Plan.

10. NEW BUSINESS

10.A. Alaska Small Business Development Center (AKSBDC) Budget Request

Action Item Report EDC 23-021

Chair Marks introduced the agenda item by reading the title and deferred to Economic Development Manager Engebretsen.

Ms. Engebretsen explained the Alaska Small Business Development Center's request to budget the Homer Business Advisor position in the upcoming budget cycle. In the past the amount has been higher, but the Kenai Peninsula Borough was able to increase their funding level specifically for this Homer position so that the City would not have to pay as much. Chair Marks spoke to the number of councilmembers that have been sponsors of this funding in the past, and then asked for a motion.

PITZMAN/PEREZ MOVED TO RECOMMEND TO CITY COUNCIL FUNDING FOR THE ALASKA SMALL BUSINESS DEVELOPMENT CENTER HOMER BUSINESS ADVISOR POSITION IN THE AMOUNT OF \$15,000 FOR FY24 AND \$15,000 FOR FY25.

Commissioner Brown confirmed with Ms. Engebretsen that this request would add it to the upcoming budget where it was not initially included.

Commissioner Perez commented on the information provided and his support for the funding request. He spoke to the value of this position's service in our community.

Commissioner Arevalo opined having the position be a little bit more mobile in terms of finding things out for people with particular types of businesses for our area is good.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

10.B. Port Expansion Update

Action Item Report EDC 23-022

Chair Marks introduced the agenda item by reading the title and deferred to Economic Development Manager Engebretsen.

Ms. Engebretsen reported on the three different resolutions about the harbor expansion project that were discussed at last night's City Council meeting. She requested feedback from the commission on what their level of interest is on this subject, and if there is an interest, if it should be a running agenda item or a type of report.

Commissioners each voiced their support for regular updates and the importance of staying abreast of the harbor expansion investigation study and project as they interact with the community. There was mutual agreement that as updates come up a written report in their meeting packet would suffice.