



Homer City Hall
491 E. Pioneer Avenue
Homer, Alaska 99603
www.cityofhomer-ak.gov

City of Homer Agenda

**Economic Development Advisory Commission Regular Meeting
Tuesday, October 8, 2019 at 6:00 PM
City Hall Cowles Council Chambers**

CALL TO ORDER, PLEDGE OF ALLEGIANCE, 6:00 P.M.

AGENDA APPROVAL

PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA (3 Minute Time Limit)

RECONSIDERATION

APPROVAL OF MINUTES

A. EDC Regular Meeting Minutes for September 10, 2019 **Page 3**

VISITORS/PRESENTATIONS (10 Minute Time Limit)

STAFF & COUNCIL REPORT/COMMITTEE REPORTS (5 Minute Time Limit)

A. Special Projects & Communications Coordinator Staff Report for October 2019 **Page 9**
i. Memo 19-129 EDC Councilmember Appointment **Page 11**

B. Chamber Director Report

C. Homer Marine Trades Association Report

D. Pioneer Avenue Task Force Report

PUBLIC HEARING

PENDING BUSINESS

A. Comprehensive Economic Development Strategy (CEDS) Review **Page 13**
i. EDC March 8, 2016 Meeting Minutes Excerpt Re: Presentation by Melissa Houston of UA Center for Economic Development **Page 17**
ii. 2011 Homer Comprehensive Economic Development Strategy **Page 19**
iii. Comprehensive Plan Chapter 7: Economic Vitality **Page 75**

B. Remote Workforce Recruitment **Page 87**

NEW BUSINESS

- A. Grow Economy Innovation Plaza Proposal **Page 89**
i. Grow Economy Proposal dated September 17, 2019 **Page 91**
- B. Ordinance to Repeal HCC 2.76 to Inactivate the EDC **Page 101**
i. Draft Ordinance to Repeal HCC 2.76 **Page 103**

INFORMATIONAL MATERIALS

- A. City Manager's Report for September 9, 2019 **Page 107**
- B. City Manager's Report for September 23, 2019 **Page 121**
- C. EDC 2019 Meeting Calendar **Page 129**
- D. Commissioner Attendance at 2019 City Council Meetings **Page 131**

COMMENTS OF THE AUDIENCE (3 Minute Time Limit)

COMMENTS OF THE CITY STAFF

COMMENTS OF THE CITY COUNCILMEMBER (if present)

COMMENTS OF THE CHAIR

COMMENTS OF THE COMMISSION

ADJOURNMENT

Next Regular Meeting is **TUESDAY, NOVEMBER 12, 2019, at 6:00 P.M.** All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

Session 19-08 a Regular Meeting of the Economic Development Advisory Commission was called to order by Chair Karin Marks at 6:02 p.m. on September 10, 2019 at the Cowles Council Chambers, City Hall located at 491 E. Pioneer Avenue, Homer, Alaska, and opened with the Pledge of Allegiance.

PRESENT: COMMISSIONERS MARKS, AREVALO, MINK, AND JOHNSON

ABSENT: COMMISSIONERS BROWN, RICHARDSON, AND STUDENT REPRESENTATIVE BROWN
(all excused)

STAFF: SPECIAL PROJECTS & COMMUNICATIONS COORDINATOR CARROLL
DEPUTY CITY CLERK TUSSEY

AGENDA APPROVAL

Chair Marks welcomed Commissioner Mink to the EDC and called for a motion to approve the agenda.

AREVALO/MINK MOVED TO APPROVE THE AGENDA.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA

RECONSIDERATION

APPROVAL OF MINUTES

A. EDC Regular Meeting Minutes for August 13, 2019

Chair Marks asked for a motion to approve the minutes from the August 6th meeting.

JOHNSON/AREVALO MOVED TO APPROVE THE AGENDA.

Commissioner Johnson complimented Deputy City Clerk Tussey on the well-written minutes.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

VISITORS/PRESENTATIONS

STAFF & COUNCIL REPORT/COMMITTEE REPORTS

A. Special Projects & Communications Coordinator Staff Report

- i. Special Projects Coordinator Staff Report for August 2019
- ii. New Alaska Title 4 Regulation Definition
- iii. HMTA Ad in RAVN Air Magazine

Special Projects and Communications Coordinator Carroll provided her staff report and facilitated discussion with the commissioners on the following topics:

- Changes to State of Alaska Title 4 Regulations regarding allowable activities at breweries and distilleries, and how the EDC as a whole (or as individual members of the public) can voice their concerns to City Council and/or State legislators before public comment closes on October 4th.
- Small Business Association's upcoming Roundtable discussion about the business challenges in rural Alaska on September 17th.
- Action taken by the Planning Commission and City Council that is relevant to the commission, specifically regarding the Wayfinding and Streetscape Plan.

- B. Chamber Director Report
- C. Homer Marine Trades Association Report
 - i. HMTA Meeting Minutes for July 10, 2019
 - ii. HMTA Agenda for August 14, 2019
- D. Pioneer Avenue Task Force Report

Chair Marks reported on the last meeting held by the Pioneer Avenue Task Force. The group met with Matt Steffy, Parks Maintenance Coordinator, to discuss the gardens along Pioneer Avenue and collaborate efforts to maintain the existing gardens/parks. She further shared that not much else can be done until ADOT&PF have completed the road reconstruction of Pioneer Avenue. The task force has done much work but is winding down, which is why the last meeting was so important since it established a direction moving forward without the PATF.

PUBLIC HEARINGS

PENDING BUSINESS

- A. BR&E Action Item - Zoning
 - i. Memo from Special Projects Coordinator Re: Action Item from the BR&E: Zoning

Chair Marks introduced the zoning topic, noting staff's memo and the Planning Commission minutes provided, and explained how the Planning Commission and City Council have been moving forward with various zoning issues. She opened the floor for discussion on whether or not this EDC agenda item is closed for now.

Commissioner Johnson stated that he had no further input on zoning, and that he is willing to focus on other topics. Commissioner Arevalo concurred; she noted that the commission can be kept in the loop and address zoning concerns when they arise. Commissioner Mink voiced his agreement for moving on and appreciated the information provided.

The commission mutually agreed to remove the zoning action item from EDC's agenda. Staff supported the decision and agreed to bring any planning and zoning issues to the commission as they come up.

- B. Wayfinding-Streetscape Plan
 - i. Memo from Special Projects Coordinator Re: Wayfinding & Streetscape Plan: Next Steps
 - ii. Planning Commission July 17, 2019 Minutes Excerpt
 - iii. City Planner Staff Report 19-63

Chair Marks initiated discussion on the Wayfinding-Streetscape Plan by providing an overview of the Planning Commission's action to remove the plan from being included in the next Transportation Plan.

The commission shared their opinions on how the initial strategy did not work out and how they could proceed with moving the Wayfinding-Streetscape Plan forward. The commission fully agreed that a worksession would be the better course of action, and to invite additional members of the community and the other commissions that could contribute to the conversation. Commissioners and staff deliberated what the subject of the agenda would be, what EDC is looking to accomplish with a joint worksession, who should be in attendance, and what kind of plan would be presented to Council.

The commission requested staff to look into scheduling a joint worksession with the Planning Commission and PARCAC, potentially for the Planning Commission's already-scheduled worksession on October 16th at 5:30 p.m.

NEW BUSINESS

- A. EDC Next Action Item
 - i. Memo from Special Projects Coordinator Re: Selecting Next Action Item

Chair Marks opened the floor for suggestions on what the EDC should work on next.

Commissioner Arevalo suggested that EDC should review the City's Comprehensive Economic Development Strategy next. She explained that many of the commissioners are fairly new and do not understand the CEDS, their bylaws require them to review the CEDS annually, and that it feels like it's time to bring them up for review. Commissioners Mink and Johnson agreed and shared their opinions on the CEDS.

Chair Marks recommended the commission review the CEDS at the next meeting, and then can plan their CEDS strategy when they discuss the 2020 calendar at the November meeting. She asked for a motion to work on the CEDS and it be on the October meeting agenda.

AREVALO/MINK MOVED TO REVIEW THE COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY BEFORE THE NEXT MEETING AND TO HAVE IT ON THE OCTOBER MEETING AGENDA.

Commissioner Arevalo asked that if there were any other supporting documents relevant to the CEDS, if Special Projects Coordinator Carroll could distribute them to the commissioners in advance before they review the CEDS. Ms. Carroll described where commissioners can find information online.

Chair Marks suggested that a component of the agenda item should be to address rewriting/updating the CEDS. Mr. Mink wished to emphasize that the EDC would be writing the CEDS update to be viable for the next 10 years or more, and to keep in mind future commissioners and readers. Ms. Carroll asked the commissioners to contact her if they think of items that will help make their discussion more effective so she can include them in the packet.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

Commissioner Johnson brought up the remote workforce recruitment project that the Chamber of Commerce has been working on and shared his thoughts that there's work the EDC could do there. He wanted to make sure the subject stayed on the EDC's plate. Ms. Carroll provided additional details in response to Mr. Mink's questions, explaining the presentation done by Economist Alyssa Rodriguez and the Chamber's marketing campaign to attract remote workers mainly in digital fields to move to Homer. Ms. Arevalo shared her thoughts on the subject and her support for having a remote working office space that can benefit locals who are already here and work from home. Discussion ensued on the concept/logistics of Homer being a destination for remote workers.

Chair Marks recognized the commission's mutual interest in pursuing this subject and asked if any of the commissioners would be interested in going out and gathering information to spearhead this project.

MINK/JOHNSON MOVED TO HAVE THE REMOTE WORKFORCE RECRUITMENT PROJECT ON THE OCTOBER MEETING AGENDA.

Chair Marks suggested the Chamber Director be contacted to be included in that discussion. Mr. Johnson volunteered to contact Chamber Director Speakman and explain EDC's idea and invite her to provide input at their next meeting. At the suggestion of Chair Marks, Mr. Mink offered to compile information on the needs/practices of remote work offices.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

INFORMATIONAL MATERIALS

- A. Appointment Letter & Certificate for John Mink
- B. City Manager's Report for August 12, 2019
- C. City Manager's Report for August 21, 2019
- D. EDC 2019 Meeting Calendar
- E. Commissioner Attendance at 2019 City Council Meetings

Chair marks reviewed each item informational item with the commission, specifically noting the regular inclusion of the EDC's calendar and confirming which commissioners can attend the upcoming City Council meetings. Staff and commissioners briefly discussed the process of reporting to Council and where commissioners can seek talking points.

COMMENTS OF THE AUDIENCE

COMMENTS OF CITY STAFF

Special Projects and Communications Coordinator Carroll thanked the commission for making quorum and welcomed Commissioner Mink to the EDC.

Deputy City Clerk Tussey said that she will not be at the October meeting due to FEMA training.

COMMENTS OF THE COUNCILMEMBER

COMMENTS OF THE CHAIR

Chair Marks shared her excitement to see commissioners engaged and projects moving forward.

COMMENTS OF THE COMMISSION

Commissioner Arevalo commented on and directed questions to staff regarding the legislative's work on changing code for breweries and holding events.

Commissioner Johnson agreed with Ms. Arevalo's comments and shared his support for speaking against the title changes.

Commissioner Mink commented on the Title 4 issue and encouraged everyone to contact their elected officials. He also shared his experience watching the launching of a 75' catamaran today using the new large vessel haul-out crane at Homer Enterprise Boatyard.

ADJOURN

There being no further business to come before the Commission, Chair Marks adjourned the meeting at 8:10 p.m. The next regular meeting is scheduled for Tuesday, October 8, 2019 at 6:00 p.m. at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

RACHEL TUSSEY, DEPUTY CITY CLERK I

Approved: _____



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Administration

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Memorandum

TO: ECONOMIC DEVELOPMENT ADVISORY COMMISSION
FROM: JENNY CARROLL, SPECIAL PROJECTS & COMMUNICATIONS COORDINATOR
DATE: OCTOBER 2, 2019
SUBJECT: STAFF REPORT TO EDC

Council Member Resignation

Council Member Smith submitted his resignation as the appointed consulting Councilmember to the EDC. City Clerk Jacobsen informed Council of this in a memo (attached) presented at the September 23 City Council Meeting. I would like to take this opportunity to thank Councilmember Smith for his years of service. His consultation was valuable to the Commission. To date, no other Councilmembers have submitted an application.

Changes in Chamber of Commerce Leadership

On September 17th, Debbie Speakman resigned as the Executive Director of the Chamber of Commerce. She had served as the Executive Director for two years. Jan Knutson accepted the Board's request to become Interim Executive Director while the Board begins a search for a new Executive Director. Jan has been the Chamber's Visitor Center Coordinator for over four years.

Wayfinding-Streetscape Joint Worksession Scheduled for October 16 at 5:30 pm

As requested at the last EDC meeting, a joint worksession with the Planning Commission and the Parks, Arts, Recreation and Culture Commission to plan the next steps for a Wayfinding-Streetscape Plan proposal. Please mark your calendars! I will be putting together the packet and Julie Engebretsen, Deputy City Planner will be facilitating the meeting. The topic is Moving Forward with the Streetscape-Wayfinding Plan Proposal. The intent of the worksession is to finalize a proposal to put before City Council in November.

2020-2025 Capital Improvement Plan

The final Capital Improvement Plan was adopted by City Council at their last meeting and can be found at <https://www.cityofhomer-ak.gov/economicdevelopment>. A couple of items to note. City Council recommended and approved removing the Homer Conference Center (a project in the long-range section) from the CIP. Phase 1 (planning) for the Multi-Use Community Center project moved into the Legislative Priority section.

Planning Commission Topics

Sign Ordinance Revision. Due to time constraints associated with Planning staff scheduled time off, the Planning Commission will take up the EDC's sign ordinance recommendation during the Planning Commission's first meeting in October.



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Memorandum 19-129

TO: MAYOR CASTNER AND CITY COUNCIL

FROM: MELISSA JACOBSEN, MMC, CITY CLERK

DATE: SEPTEMBER 17, 2019

SUBJECT: ECONOMIC DEVELOPMENT ADVISORY COMMISSION COUNCILMEMBER
APPOINTMENT

Councilmember Smith has submitted his resignation as the Councilmember appointed to Economic Development Advisory Commission (EDAC) to serve as a consulting member.

The EDAC was established as a full Commission via Ordinance 93-15(S)(A). Since that time the Commission was inactivated in 2000 and reactivated in 2006.

The establishing ordinance identified that the Mayor, City Manager, and one Councilmember shall serve as consulting members, as seen in HCC 2.76.010(c). It is the only Commission that includes the Councilmember requirement.

If a Councilmember is interested in serving as the appointed consulting member to the EDAC, they may submit an application for appointment to the City Clerk. If Councilmembers are not interested in being required to serve in that capacity, an ordinance can be introduced to amend City Code to remove that requirement.

Recommendation: Informational only



Memorandum

TO: ECONOMIC DEVELOPMENT ADVISORY COMMISSION
FROM: JENNY CARROLL, SPECIAL PROJECTS & COMMUNICATIONS COORDINATOR
DATE: SEPTEMBER 4, 2019
SUBJECT: CEDS REVIEW

Section 2 of the EDC bylaws directs the EDC to oversee Homer's Comprehensive Economic Development Strategy (CEDS) providing continued review and evaluation, supervising and monitoring its implementation and update. The EDC set a goal for itself to review the CEDS.

What is a CEDS?

The CEDS is a strategic plan designed to review and analyze current economic conditions and proactively set an economic development agenda with a five-year outlook. The CEDS is typically updated annually, with a more comprehensive rewrite every five years.

Why do regions develop CEDS?

A CEDS provides strategic directions and a measurable action plan to develop and diversify the economy, improve quality of place factors and efficiently utilize resources.

A CEDS is required to receive federal EDA funding for economic development projects. Presently, the EDA only requires that a region have an annually updated CEDS for entities within that region to be eligible for funding.

The Kenai Peninsula Economic Development District (KPEDD) maintains a current CEDS for the Kenai Peninsula Borough. The CEDS includes Homer and as such the City can use it for any grants/funding opportunities. It can be found at <https://kpedd.org/wp-content/uploads/2019/08/Kenai-Peninsula-Economic-Development-District-CEDS-FY2019-Update.pdf>.

City of Homer CEDS Background

Development of the City of Homer CEDS was a year-long effort by the then Special Projects Coordinator with assistance from a recruited VISTA volunteer. Updating it involved data collection, City plan reviews, stakeholder interviews and public input before formal adoption in February 2011.

The CEDS contains an overview of what were the major economic trends in the community at that time, including demographics, major industries, sources of employment and the community's strengths, weaknesses, opportunities and threats. It is intended to be consistent with other City plans already approved by the Homer City Council.

When KPEDD did a major update to the Kenai Peninsula Borough CEDS in 2016, they contracted with the University of Alaska Center for Economic Development to assist them with the update. At that time, I invited Melissa Houston of UAA to give a presentation on the process for developing an updated CEDS, not only to inform the EDC about the process, but also to explore the idea of utilizing their effort and expertise for a concurrent update of the Homer CEDS. At that time the EDC did not explore that option further. (The minutes from that presentation are attached to this memo.)

Things to keep in mind when reviewing the City of Homer CEDS

Many factors in a community influence overall economic development: workforce, economic sectors, quality of life factors and government. While all these factors are addressed in the CEDS, not all are within the scope of Homer's current government services, like offering workforce development programs. Other organizations are mentioned throughout the plan as having an important role to play. Where this is the case, the CEDS recommends government support of programs/strategies of other entities within the community through City Council resolutions or letters of support.

Local government does more directly influence overall economic development, though, through comprehensive planning, public policy that supports the comprehensive plan, provision of basic services and public infrastructure to support economic activity and quality of life, and an efficient regulatory environment. Pages 7 and 8 in the CEDS set out recommendations for local government and services.

Some of the goals in the CEDS require that many different sectors work together on a strategy. When reviewing these, look for places where the City government can play a role, or places where, as conditions have changed over time, the City is capable of supporting strategies in new ways.

How are Other City Plans Updated

To help Commissioners understand what is involved in updating a City plan, Karin asked me to provide a summary of how the City recently updated the Comprehensive Plan. When time came to update the 2008 Comprehensive Plan, the City decided to do it in-house. The 2008 Comprehensive Plan update was adopted as a 20-year long-range plan and included extensive public involvement as well as professional consulting services. The 2018 Comprehensive Plan Update serves as a 10-year revision of the Plan. The next 20-year update, due in 2028, will likely include a more extensive process, similar to that of the 2008 plan.

The Planning Department spent over a year on the project. It involved updating background demographic information, soliciting information from City Departments, Department heads, City Commissions and Committees, the general public through open houses and an online comment tool. Once the comment period closed, the Planning Department recorded concepts and worked with the Planning Commission to evaluate the concepts presented and incorporate them (or not) into the new plan. The Planning Commission then reviewed the draft document line by line at their meetings before sending it to City Council for review, additional public hearings and eventual adoption. The plan was then forwarded to the Kenai Peninsula Borough for adoption.

Chapter 7 of the Comp Plan, called Economic Vitality, lays out an economic development strategy. I've included it in your packet for reference.

I spoke with Caitlin Coreson at KPEDD about their CEDS update process. They did their last major update in 2016. They are due for another one in FY2021. EDA sets guidelines for how official CEDS are to be organized and updated. EDA requires regions to work with a University for updates. They will again partner with UA Center for Economic Development. She said the contract for the 2016 update was close to \$30,000. That cost does not include KPEDD staff time.

Caitlin and I spoke about the update process and that KPEDD would welcome working with the City to include Homer-specific Strategies and Actions and metrics under the CEDS's relatively broad Objectives.

RECOMMENDATION

Review the CEDS prior to the EDC's October 8, 2019 meeting to inform your discussion on the relevance of the current CEDS, need to update it or not, other options, say, working from Chapter 7 of the Comprehensive Plan.

Come prepared with a motion on how the EDC wants to move ahead with the CEDS. Some possible directions to consider:

- Recommend a work plan for continued Commission review of the CEDS;
- Making recommendations to the Council regarding authorizing a CEDS update and what form that should take;
- Making a recommendation to Council to use KPB CEDS as Homer's guiding document; and/or
- Recommend that Council authorize the EDC to work with KPEDD during the KPB CEDS update to provide Homer economic development priorities, strategies, and measures of success for inclusion in the KPB CEDS to fulfill the EDC's mandate to review and update the CEDS.

Motion carried.

VISITORS

- A. Melissa Houston of UA Center for Economic Development – Strategies for Updating Homer’s Comprehensive Economic Development Strategies

Ms. Houston gave the commission an overview of the process for developing an updated Comprehensive Economic Development Strategy (CEDS) and addressed the following points:

Purpose:

- A CEDS is a strategic plan designed to review and analyze current economic conditions and proactively set an economic development agenda for the next five years. Updated annually, a CEDS is often required to receive federal funding for economic development projects.

Components:

- Summary Background: an overview of the major economic trends in the community or region, including demographics, major industries, and sources of employment.

Public Process:

- Community interests and concerns should guide the development of the CEDS. To gather input, the steering committee (group responsible for developing the CEDS) may use surveys, focus groups, or community forums.

SWOT Analysis:

- An analysis of strengths, weaknesses, opportunities and threats (SWOT).

Strategic Direction/Action Plan:

- The formation of goals (usually 5-7 broad areas) broken into objectives, which are measurable, and strategies, or specific action items. The Center for Economic Development feels strongly that an agile Strategic Doing process should guide formation and implementation of strategy rather than “set-in-stone” plans.

Evaluation Framework:

- Performance measures used to evaluate implementation of the action plan.

Timeline:

- Typically 6-12 months, depending on the depth of research and analysis, and the type of public process used. For a single community like Homer the process can be completed in less time than for region like the Kenai Peninsula Borough.

Costs:

- The costs of a CEDS can vary considerably depending on a few factors. If the community desires more in-depth public process in the form of community forums and surveys or other methods, the cost will increase. Likewise, more extensive research on the local economy will also drive costs. With these factors in mind, a CEDS engagement with the Center for Economic Development will usually cost between \$20,000 and \$40,000, depending on the scope of work.

In response to questions from the Commission, Ms. Houston explained a next step would be to put out a formal request for proposal. There is information on the EDA website to help them present the idea to City Council. She thinks this is a good time to pursue a CEDS update since the city is working on their Comp Plan update. The Kenai Peninsula Borough CEDS should be open for public comment end

of April and finalized in June. The Commission could be engaged in getting the community at large involved in the process and gather different players that affect economic development matters across the community, and focus on the prioritization for the agility of the action plan.

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

Karen Zak, Chamber Director, commented that Ms. Houston presented at the Chamber luncheon and the Chamber will be assisting in getting the survey out and hoping to help get a good response. She also is excited to see the Commission's agenda and work that's been done on the efforts in coming up with a SWOT plan. The Chamber is working on some similar goals so it will be good to progress through this and work together to present a cohesive message.

Mrs. Zak gave an overview of the 26 new businesses that have come to the area since May 2015 and also the Chamber's first attempt in marketing the marine trades in the current issue of Harbors Magazine. She added that she has prepared an article for Alaska Business Monthly April edition on maximizing the value of conferences to community. She commented on the International Tour Operators who visited for two days as part of the Go West Summit. Mrs. Zak said she estimates a \$471,000 economic impact on the community for the Shore Bird Festival coming up in May and is working on numbers for other upcoming events including the Winter King Tournament, a Hockey Association event and also a soccer group all happening the weekend of March 17th. The Chamber will be promoting Homer at the Great Alaska Sportsman's Show, and she will be attending the upcoming MAPP wellness discussion.

PUBLIC HEARINGS

PENDING BUSINESS

A. Draft EDC Strategic Plan

Chair Brown commented regarding the mission and vision statements included in the draft plan and that he takes exception to the last line in the vision statement "It also means providing for the welfare of all residents regardless of income." He thinks economic development is designed to promote free enterprise in the welfare of businesses, but if they are looking at another agency or protocol of activities, he doesn't believe that's the mission and focus of economic development. He would say they will support the non-profits who deal with these subjects and encourage them to be able to fulfill their missions.

Special Projects and Communications Coordinator Carroll noted she didn't get an opportunity to provide her staff report which may have clarified some of this. She explained that she developed this information as a starting point for the commission and they can continue to refine the information and adopt some form of a guiding document for working into the future. She clarified that last line wasn't about providing resources to non-profits, but to express the intention that we have the welfare of all residents in mind when looking at quality of life and opportunity for economic development. It could mean things like affordable housing and initiatives that might address the welfare of even low



Homer Comprehensive Economic Development Strategy

City of Homer
491 E. Pioneer Avenue
Homer, Alaska 99603

February 2011

ACKNOWLEDGEMENTS

Economic Development Commission

Shelly Erickson, Chair
Dean Ravin, Vice-chair
Micheal Neece
Brad Faulkner
Todd Hoppe
Paul Dauphinais
Alexander Simpson

City Staff

Anne Marie Holen, Special Projects Coordinator
Additional support provided by City Planner Rick Abboud, Planning Technician Julie Engebretsen,
Port and Harbor Director Bryan Hawkins, and City Manager Walt Wrede.

Mayor and City Council

Mayor Jim Hornaday
Mary E. (Beth) Wythe
Francie Roberts
Bryan Zak
Barbara Howard
David Lewis
Kevin Hogan

We gratefully acknowledge the assistance of Carol Bevis, Volunteers In Service to America (VISTA), provided through cooperation with the University of Alaska-Anchorage Center for Economic Development.

We also acknowledge the contributions of past City of Homer Economic Development Commission members, Chamber of Commerce Economic Development Committee members, and other community members who provided many of the ideas and suggestions in this plan.

**CITY OF HOMER
HOMER, ALASKA**

Economic Development
Advisory Commission

RESOLUTION 11-007(S)(A)

A RESOLUTION OF THE CITY COUNCIL OF HOMER,
ALASKA, APPROVING AND ADOPTING THE COMPRE-
HENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS).

WHEREAS, The Economic Development Advisory Commission (EDC) is charged with developing and updating the City's economic development plan (Comprehensive Economic Development Strategy) as part of its advisory role on economic development matters; and

WHEREAS, The City's economic development plan (formerly known as the Overall Economic Development Plan) was last updated in 1999; and

WHEREAS, The City of Homer recruited a VISTA (Volunteers in Service to America) member to assist the EDC with the CEDS in a year-long effort; and

WHEREAS, During this time the VISTA reviewed economic literature as well as previous local plans and surveys and shared this information with the EDC, conducted more than 20 interviews with local citizens from diverse backgrounds, organized two public forums on behalf of the City of Homer EDC, solicited additional public input by email, publicized the project through news releases and interviews, and provided the EDC with a scoping report; and

WHEREAS, The public has also had the opportunity to provide input for the CEDS at EDC meetings and work sessions over the course of two years; and

WHEREAS, Care was taken to ensure that the CEDS is consistent with the Homer Comprehensive Plan; and

WHEREAS, The Economic Development Commission approved the draft CEDS and voted unanimously to forward it to the City Council, as expressed in Memorandum 11-005;

NOW, THEREFORE, BE IT RESOLVED that the Homer City Council approves and adopts the Comprehensive Economic Development Strategy as the City's economic development plan.


PASSED AND ADOPTED by the Homer City Council this 28th day of February, 2011.

CITY OF HOMER



JAMES C. HORNADAY, MAYOR

ATTEST:



JO JOHNSON, CMC, CITY CLERK

Fiscal Note: N/A



Homer Comprehensive Economic Development Strategy

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INTRODUCTION

What Is Economic Development?

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

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

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

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

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

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

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

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

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

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

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

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

A Vision for Economic Development in Homer

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

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

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

Nexus of the CEDS with Other Plans

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

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

Public Participation in this Planning Effort

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

Homer History and Demographics

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

- 6000 BC.....Native people inhabit the Kachemak Bay area then and now.
- 1896.....Con man Homer Pennock promotes gold mining in the Homer area, but coal mining is much more successful.
- 1902.....Homer is virtually abandoned between 1902 and 1915 due to lack of coal markets.
- 1915.....Charlie Miller winters 95 horses at his homestead (Miller's Landing) for the Alaska Railroad.
- 1917.....Delphina Woodard develops a dairy farm in what is now downtown Homer.
- 1919.....First school opens at Miller's Landing.
- 1920.....46 people reside in the census area designated as "Homer Spit and Vicinity."
- 1925.....A rudimentary telephone system is established.
- 1930-40.....Commercial and civic activity increases significantly. By 1938, Homer has an airplane runway, several general stores, two restaurants, and a new dock built by the Homer Civic League. Supply ships now bypass Seldovia to deliver goods directly to Homer. Homer's population in 1940 is pegged at 325.
- 1941-42.....Alaska Road Commission creates Beluga Lake by damming the slough.
- 1945.....Homer Electric Association is incorporated.
- 1946-47.....The coldest winter in history is recorded for North America. Much of inner Kachemak Bay freezes over.
- 1948-51.....Construction of the Sterling Highway puts Homer on the road system and fuels growth.
- 1950.....Homer's population is 307.
- 1955.....South Peninsula Hospital opens.
- 1960.....The population of Homer, at 1,247, exceeds that of Seldovia for the first time.
- 1964.....The Good Friday earthquake causes much of Homer to subside 2-8 feet, with serious damage to the harbor. Homer incorporates as a city on March 31. The damaged harbor is rebuilt with federal funds.
- 1969.....Classes are offered for the first time at the Kachemak Bay Campus of UAA-KPC.
- 1970.....Homer's population is 1,803.
- 1971.....Kachemak Bay State Park is created, contributing to the growth of tourism in Homer.
- 1976.....The state of Alaska sells several oil leases in Kachemak Bay. After the jack-up oil rig *George Ferris* gets stuck in the mud, public outcry persuades the state to buy back the leases.
- 1980.....Homer's population is 2,209.

1985.....Homer gets its first fast-food chain restaurant (McDonalds).

1986.....The Homer “Bypass” is built, bypassing Pioneer Avenue and creating another commercial corridor.

1989.....Homer fishermen and others are impacted by the Exxon Valdez oil spill.

1990.....Homer’s population is 3,660.

1998.....Icicle Seafoods—Homer’s only fish-processing plant and the town’s largest seasonal employer—burns to the ground.

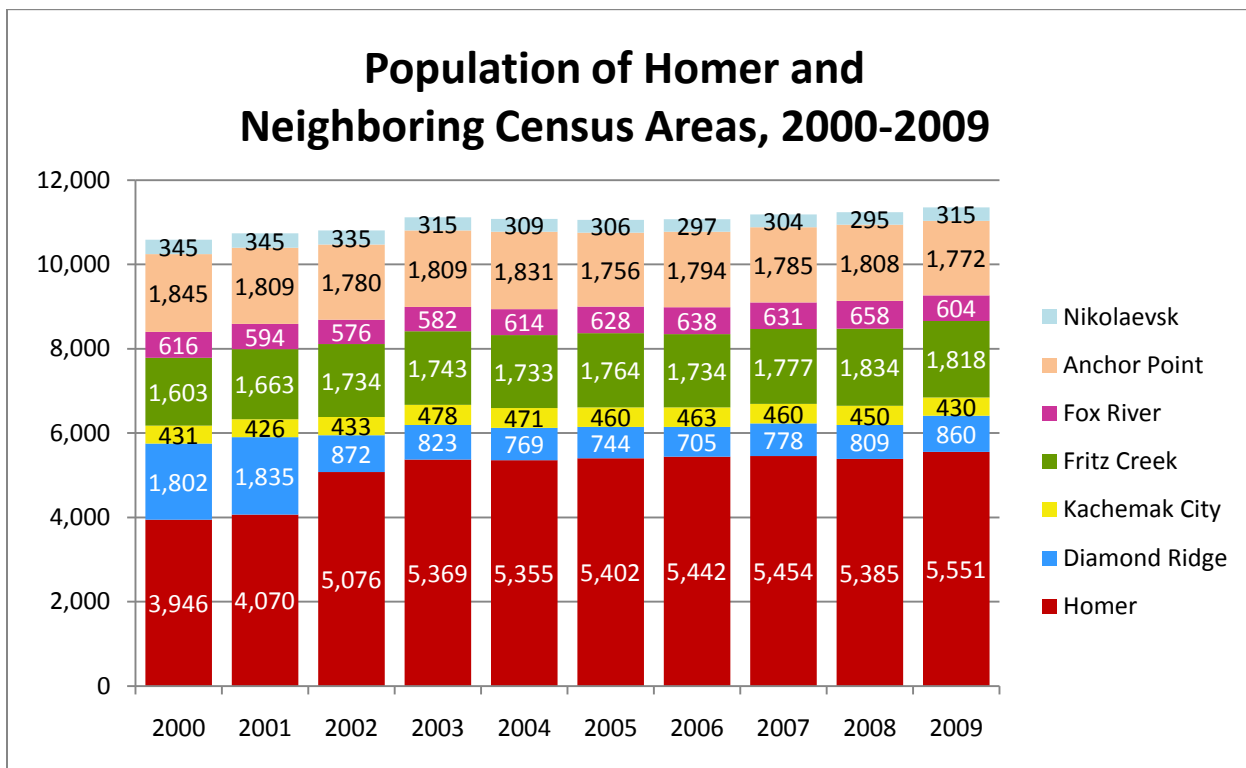
2000.....Homer’s population is 3,946.

2002.....Homer annexes 4.6 square miles.

2009.....Homer’s population is estimated at 5,551 (Alaska Dept. of Labor).

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

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



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

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

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

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

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

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

The Role of Government Policies and Programs in Local Economic Development

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

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

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

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

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

THE BIGGER PICTURE: FACTORS THAT INFLUENCE OVERALL ECONOMIC DEVELOPMENT

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

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

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

Local Government Policies and Services

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

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

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

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

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

—Thomas Friedman

Quality of Life Factors

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

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

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

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

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

Affordable Housing

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

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

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

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

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

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

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

CREATING A WORKFORCE HOUSING STRATEGY

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

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

—*An Economic Development Toolbox*, APA, p. 8

- A. Land acquisition and assembly
- B. Planning and regulatory approaches
- C. Financing programs
- D. Maintaining long-term affordability

12. Assess what is working, and revise what is not

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

A Skilled, Educated Workforce

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

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

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

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

—An Economic Development Toolbox, APA, p. 27

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

Technical and Financial Assistance for Business Owners

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

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

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

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

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

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

The Value of Small Business Assistance Centers

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

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

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

The Bigger World

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

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

Ironically, while rising oil prices are good for the Alaska treasury (because of the royalties collected), they nevertheless hit individual households and businesses hard. Arguably one of the greatest threats to the local economy is the price shocks that will come from declining oil production. Among those who study global oil production, there is a growing consensus that “peak oil” is happening now and that production of all liquid fuels, including oil, will drop within 20 years to half what it is today.⁶ With declining production, oil prices will become more volatile and progressively higher when demand increases and supply can’t keep up. Instability in oil supply and price has serious potential consequences for virtually all sectors of the global economy, particularly transportation, agriculture, and manufacturing. An example of a local vulnerability can be seen in the following statistic: Alaskan farmers grow only 5%-10% of the produce consumed in the state. For the rest, we rely on produce driven thousands of miles to supermarkets by way of a supply chain heavily dependent on cheap oil.⁷

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

Peak Oil and Energy Uncertainty: A Changing World

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

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

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

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

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

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

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

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

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

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

⁷ University of Alaska: www.alaska.edu/voice/2010/May_2010/announcements/local-food/

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

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

ECONOMIC SECTORS

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

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

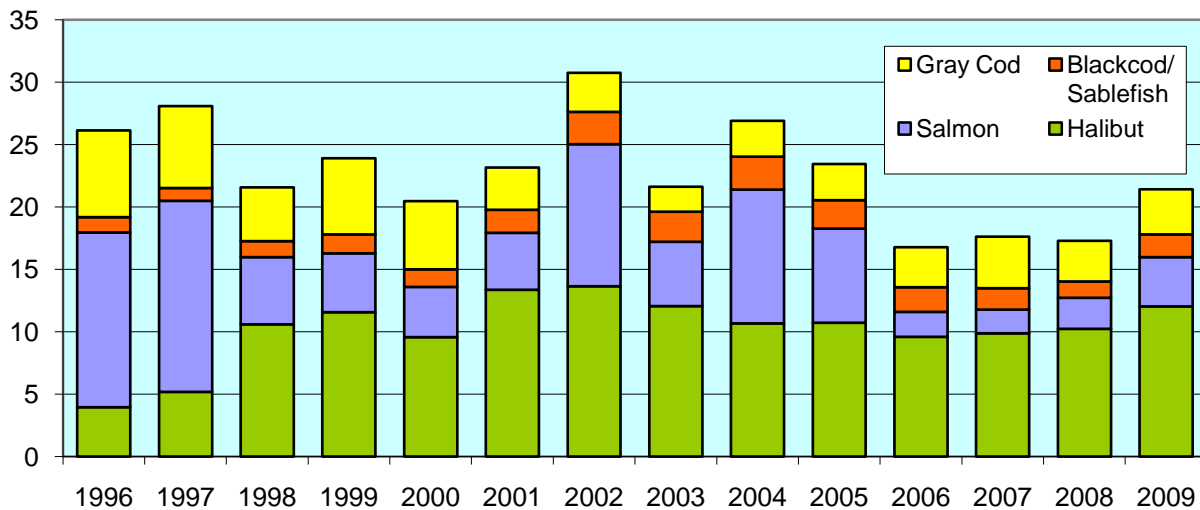
It should also be noted that some of the economic activity described on the following pages takes place outside city limits but nevertheless contributes to Homer’s economic health as a result of money spent on goods and services in addition to wages.

Commercial Fishing and Mariculture

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

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

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



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

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

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

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

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

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

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

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

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



A boat unloads its catch at the Homer Fish Dock.

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

General Marine Trades/Port and Harbor Development

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

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

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

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

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

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

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

- A. Utilize City of Homer lease policies to help ensure that property needed for marine businesses is available on the Homer Spit at reasonable terms.
- B. Continue to seek funding for capital projects that will benefit the marine trades, such as Deep Water Dock expansion, small boat harbor expansion (East Boat Harbor), a new Port and Harbor building, and new/improved restroom facilities.
- C. Promote Homer as the site for an Alaska Maritime Academy.
- D. Encourage new businesses that will fill unmet needs within the marine trades cluster. *See sidebar for examples.*
- E. Address parking problems on the Spit, as discussed in the Homer Spit Comprehensive Plan.
- F. Encourage overslope development through public/private partnership whereby the City of Homer will invest in the necessary platforms and pilings to support further development.

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

Commercial Fishing/ Marine Trades Business Ideas

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

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

Tourism/Visitor Industry

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

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



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

Encouraging Longer Visits

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

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

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

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

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

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

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

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

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

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

Tourism promotion suggestions offered by members of the public:

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

—from emails and public meetings, 2009 and 2010

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

HOMER CONFERENCE CENTER FEASIBILITY STUDY ESTIMATES AND RECOMMENDATIONS

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

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

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

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

Arts and the Creative Class

Few would argue that one of Homer’s economic assets is its reputation as an arts community. In 2005, Homer was listed in John Villani’s book *The 100 Best Small Art Towns in America* and it is often praised for its many galleries, arts events, and non-profit organizations that help promote the arts.

In 2005, Homer was included in a study sponsored by Americans for the Arts, which assessed the economic impact of non-profit arts organizations and their audiences. The study estimated that non-profit arts organizations in Homer spend \$1.1 million each year, resulting in an additional \$1.6 million spent by arts audiences, which further stimulates the local economy.¹⁵

“The arts” is a broad term that encompasses traditional visual art (painting, sculpture, photography, fiber art, etc.) as well as music, drama, and dance. “The creative class” is an even broader term popularized by economist Richard Florida that refers to certain scientists and engineers, university professors, poets and architects, and people in design, education, arts, music, and entertainment, whose economic function is to create new ideas, new technology, and/or creative content.¹⁶

The Arts, Quality of Place, and the Knowledge Economy

In the past decade, states have begun to realize that their economic fortunes are increasingly tied to the location preferences of highly mobile knowledge-workers who form the intellectual backbone of the new economy. These workers value “quality of life” above nearly all other factors—including job market conditions—in choosing where to locate. According to Professor Richard Florida of Carnegie Mellon University, four factors determine quality of place: lifestyle, environmental quality, a vibrant music and arts scene, and natural and outdoor amenities.

—“The Role of the Arts in Economic Development,”
National Governor’s Association Center for Best
Practices, June 25, 2001.

In addition to the overlap in terms of occupation, there is another key relationship between members of the traditional arts community and those of the broader “creative class,” which is that the arts help create the type of environment that in turn attracts other creative people, including those in the highly desirable, knowledge-based (“new economy”) industries. The benefits work both ways, since knowledge-based workers tend to be well paid and will spend discretionary income on the arts, which they value.

In discussing arts and the economy with local artists and art advocates during development of this plan, three primary reasons were given to explain why Homer has attracted artists in the past and continues to do so: 1) The natural beauty of the area attracts people who appreciate beauty. 2) The community supports art and provides a nurturing environment for all types of artists. 3) Artists encourage and stimulate each other.

The following strategies have been suggested as ways to attract artists and other members of the creative class and maximize the economic benefit to the community:

- A. Work to enhance and protect the quality of life factors that make Homer attractive to artists and other creative people. *See previous discussion of Quality of Life.*
- B. Support public art above and beyond the existing 1% for the Arts ordinance.
 - 1. Commission public art for existing parks, buildings, streets/sidewalks, and other facilities.

¹⁵ “The Economic Impact of Nonprofit Arts Organizations and their Audiences in Homer, Alaska,” Americans for the Arts, 2005.

¹⁶ Richard Florida, *The Rise of the Creative Class and How it is Transforming Work, Leisure, Community and Everyday Life*. New York: Perseus Books, 2002, p. 8.

2. Encourage artists to create public art by providing spaces, permanent and temporary, for art installations and music/performance art events.
- C. Publicly recognize the value of art in our lives and in our community.
 - D. Support arts education in the public schools and elsewhere.
 - E. Partner with local arts organizations and businesses to promote art in the community.

Health, Wellness, and Recreation

With a hospital, 20 or so physicians in private practice, at least a dozen dentists, several physical therapists, a large non-profit mental health/behavioral counseling clinic, other counselors in private practice, numerous alternative health services ranging from chiropractic care to therapeutic massage to acupuncture, a health club and other for-fee exercise facilities, Homer provides a wide range of health and wellness services for residents and visitors. A relatively new addition to the health sector in Homer is the Seldovia Village Tribe Health Center, which provides medical and dental services to both Native and non-Native patients. In addition to these traditional services, other businesses and programs offer opportunities for organized sports, wilderness outings, and other healthy forms of recreation.

The topic of health and wellness is actually much broader than the list in the previous paragraph would suggest. The Southern Kenai Peninsula Communities Project, launched in November 2008 with leadership provided by South Peninsula Hospital, conducted an area-wide health needs assessment that looked at issues ranging from environmental health, access to local foods, a diverse and sustainable small-town economy, and citizen involvement in community affairs.¹⁷ The SKP Communities Project vision is depicted on the next page.

Due to restrictions intended to protect proprietary information, the State of Alaska no longer releases sales data specific to the “Medical-Social Services” NAICS line-of-business category. Therefore, it is difficult to gauge the economic impact of this sector. However, no one would question that it is significant. In addition to money spent directly on health and wellness services, access

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

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

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

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

¹⁷ Southern Kenai Peninsula Communities Project, Project Summary, December 2009

to these services in a community is an important quality of life factor that helps make the area an attractive place to live. Recreational opportunities are another important quality of life consideration.

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

- A. Support efforts to provide modern technology in the health care sector; e.g., at South Peninsula Hospital. Advanced technological services will not only help keep local dollars from leaving the community, they will also help attract new residents. Current needs include bariatric equipment to meet the needs of severely overweight patients, an enhanced communication system integrated with an improved electronic record-keeping system, and an electronic asset tracking system.
- B. Support local job training programs in the health care field; e.g., at UAA-KPC-Kachemak Bay Campus.



- C. Seek to attract medical specialists in areas where there is unmet need.
- D. Support growth of services to meet the health care needs of senior citizens; e.g., senior care, chronic illness management, cancer care.
- E. Support necessary steps to comply with the 2010 federal health care reform mandates at the local level.
- F. Publicize Homer’s many health care and wellness options and quality of care; e.g., through a directory of local health and wellness services.
- G. Expand and improve the City of Homer’s Parks and Recreation program.
 - 1. Complete a community recreation needs assessment.
 - 2. Investigate successful models from other towns.
 - 3. Develop a community parks and recreation master plan that describes program elements, staffing needs, and potential funding sources.
 - 4. Seek funding from multiple sources for the Parks and Recreation program.

Education

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

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

A total of 1,164 students were enrolled in these schools for the 2008-2009 school year, a slight (2.1%) drop from the previous year. (Fireweed Academy, Homer Flex, and Homer High School experienced losses; Homer Middle, Paul Banks, and West Homer experienced gains.)¹⁸

The school district also operates the Connections program to support home-schooling on the Kenai

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

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

¹⁸ Kenai Peninsula Borough School District data reported in Kenai Peninsula Borough *Situations and Prospects for Year Ending December 31, 2008*, p. 38.

Peninsula. In 2010, approximately 300 students in the Homer area were enrolled in the program.

Birth-2-3, a non-profit organization, provides services to children experiencing developmental delays as well as an array of other support services for all families. A federally-funded Head Start program operated by the Rural Alaska Community Action Program (RurAL CAP) is headquartered in Homer. Various other child care providers, large and small, operate in the Homer area. In general, however, demand for these services exceeds supply.

The economic value of these programs stems from the fact that a child's readiness for school is a strong indicator of how he or she will fare in life in the long term. One analysis found that every dollar spent on high-quality early childhood programs for disadvantaged children results in \$7 to \$9 in future savings to communities.¹⁹ Child care/education programs also provide jobs in the community. Finally, an often overlooked but vitally important benefit is that such programs make it possible for parents to go to work themselves.

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

KPC offers two-year Associates of Arts and Associates of Applied Science degrees, as well as courses leading to vocational certificates and industry certification. Some programs leading to baccalaureate degrees can be earned at the Kachemak Bay Campus. A number of other four-year degree programs are available through KBC courses and distance delivery from other University of Alaska campuses. Continuing education and professional development programs are provided that include conferences, summer programs, Elderhostel, workshops, classes, and a visiting writers' series.²⁰

A 2007 study prepared for the University of Alaska²¹ noted the following benefits of Alaska's university system:

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

¹⁹ Robert Duggar. "Investing in early-childhood programs would yield dividends for Ohio," Cleveland.com, June 14, 2009.

²⁰ <http://www.homer.alaska.edu/about/index.html>

²¹ McDowell Group, "The Economic Impact of the University of Alaska, 2007 Update," February 2008.

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

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

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

Three Broad Sectors:

1. Construction and Manufacturing

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



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

items). Stretching the definition of manufacturing further allows us to include locally made beer, wine, and mead.

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

2. Retail

A great many retail businesses in Homer do not primarily target tourists nor do

they fit neatly into other economic sectors already described in this plan. They range in size from “mom and pop” businesses to much larger outlets such as Spenard Builders Supply, Ulmers, and Safeway. Collectively, they employ hundreds of people and form a vital part of the local economy. Retail goods can be considered part of

the basic economy if 1) people from outside the community are buying the products; or 2) locals are buying goods that are produced locally rather than purchasing similar items from sources outside the community (import substitution).

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

3. Services

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

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

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

High tech/Internet Businesses

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

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

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

What Can Homer Do To Attract “Lone Eagle” Entrepreneurs?

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

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

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

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

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

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

Recommendations for growing the high tech/Internet sectors of the Homer economy include:

- A. Support technical upgrades that benefit individuals and businesses who utilize these services extensively; e.g., high speed broadband Internet, improved cell phone service, and wireless connectivity.
- B. Market Homer's quality of life factors and suitability for high-tech/Internet based operations. Use marketing to counter the image of Homer and Alaska in general as too remote for modern business ventures to succeed.
- C. Support training opportunities for skill development in computer-related fields, including Internet-based commerce.

Transportation and Warehousing

The Kenai Peninsula Borough includes the following types of businesses under the heading of Transportation and Warehousing: air transportation, water transportation, truck transportation, transit and ground transportation, pipeline, scenic and sightseeing, support activities, postal service, couriers and messengers, and warehousing and storage. (Guiding by land and guiding by water are classified under Tourism.) In 2008, there were 126 businesses licensed in this sector in Homer, with gross sales of \$19.4 million.²²

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



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

(Photo and information from maritimehelicopters.com)

²²Kenai Peninsula Borough, *Situations and Prospects for Year Ending December 31, 2008*, p. 224.

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

Recommendations to enhance the transportation sector include:

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

Agriculture

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

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



The Homer Farmers Market has become a popular destination in recent years.

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

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

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

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

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

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

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

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

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

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

- A. Provide the Homer Farmers Market with a permanent location; e.g., in the proposed Town Center.
- B. Advocate for a USDA-approved meat processing facility on the southern Kenai Peninsula. (Currently, local farmers who wish to sell their chickens, beef, or pork commercially must first take it to Anchorage to get the USDA stamp.)

- C. Support construction of a community cold storage/freezer facility. Investigate use of a sea water heat-exchange loop in the harbor to help reduce electrical usage of the facility.
- D. Support development of a “kitchen incubator” that provides food producers and processors in start-up and growth phases with access to technical assistance and shared facilities including a commercial kitchen, storage, and offices in a cooperative environment at below market rates. Such a facility would encourage the production of value-added food products for local purchase or export.
- E. Build a new greenhouse for the City to use for its plantings so that Homer High School can have a full year-long curriculum based around the greenhouses there. The new City greenhouse could be built as a demonstration project, easily accessible to the public and full of all the latest power-reducing technology.
- F. Support efforts to encourage local food production, connect local farmers with markets, and publicize the benefits of “eating local.”
- G. Consider land use and/or tax incentives to take full advantage of the fact that the Homer bench is an extremely valuable agricultural microclimate.
- H. To increase the amount of land dedicated to agriculture and help meet local demand, establish a program whereby City crews and equipment will assist in turning lawns into garden plots, at either no or low cost to property owners.
- I. Eliminate the City sales tax on locally grown non-prepared food.
- J. Support changes in borough tax policy to classify greenhouses as “agricultural.” (Currently borough farm tax benefits apply only to fields, not to structures, so greenhouses are not taxed as agricultural but rather at the higher rate applied to any other structure.)
- K. Network and collaborate with University of Alaska–Fairbanks and Cooperative Extension Service personnel regarding research and funding opportunities; e.g., to support local food demonstration projects.
- L. Establish a Local Food Commission to further develop goals and strategies related to local agriculture/sustainability and facilitate achievement of the goals.

Retirees and Second-Home Residents

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

Part of the increase in average age is due to the fact that the American population as a whole is aging and Alaska is aging more than most states. In fact, the number of people age 65 and older grew faster in Alaska than in any other state between 1997 and 2007.²³ Many Alaskans over age 65 have lived in the state for many years, if not their entire lives. Others moved to the state after retirement. Homer has attracted more retirees and second-home/part-time residents than most other destinations in Alaska.

Around the country, local and county governments tend to view retirees as an asset and some engage in active marketing to attract new residents from this demographic group. In truth, such governments are particularly interested in a subset of the senior population: those with enough money to enhance the tax base without placing a heavy burden on local services. Once again, Homer finds itself in an enviable position in this regard. Casual observation and anecdotal reports from local realtors reveal that the Homer area has become

²³ Alaska Commission on Aging, “We’re #1: Alaska Tops in Senior Population Growth,” Feb. 17, 2009.

increasingly popular as a retirement/second-home location for wealthy or relatively well-off individuals and couples from Anchorage and the Lower 48 states.

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

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

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

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

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

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

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

Government

Local, borough, state, and federal government offices and agencies represent a major economic sector in Homer. Looking at state and federal government only, we see the following listed as having offices/operations in Homer:²⁴

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



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

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

²⁴ 2010 ACS Yellow Pages, Kenai Peninsula, Government Offices section

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

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

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

DOWNTOWN VITALIZATION

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

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

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

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

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

This, essentially, is the goal of the Homer Town Center Development Plan, approved by the City Council in April 2006. The plan presents a vision of a

Some thoughts on "downtown"

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

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

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

—Bernard Lynch, City Manager, Lowell, MA

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

—Fred Kent, Project for Public Spaces

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

—respondent to City of Homer Citizen Survey, December 2002

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

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

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

—from the Homer Town Center Development Plan, April 2006

“viable and vibrant Town Center” achieved through a mix of uses including commercial, residential, civic, and outdoor/open space. A 2003 study prepared by economist Steve Colt of the Institute of Social and Economic Research predicted that Town Center development, as envisioned at that time, would lead to 50% higher commercial taxable sales and 35% more revenue from property taxes in a 5-year period within the designated area, and that direct employment in the area would increase by about 33% over the same period.²⁵



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



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

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

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

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

²⁵ Steve Colt, “Fiscal and Economic Analysis of Homer Town Square Proposed Development Alternatives,” Institute of Social and Economic Research, University of Alaska Anchorage, April 10, 2003.

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

Jobs at the Heart and Soul of a Community

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

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

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

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

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

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

AN ORGANIZATIONAL STRUCTURE FOR ECONOMIC DEVELOPMENT

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

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

Existing structure

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

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

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

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

The Small Business Development Center, housed within the Chamber of Commerce, provides valuable services but, as discussed on p. 12 of this plan, its mission is limited and it is not equipped to take on a larger role.

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

Recommendations for a new structure

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

While the City would continue to work closely with the Chamber of Commerce to promote Homer, it makes sense that local government should assume a broad economic development role which seeks to benefit the public at large and future generations. Clear lines of authority and an established budget process will facilitate creation and management of the OED.

- 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,²⁶ 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%.²⁷

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.

²⁶ Estimate provided by Paul Dauphinais, Executive Director, Homer Chamber of Commerce.

²⁷ 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.

IMPLEMENTATION PLAN

Successful implementation of the CEDS will depend on a collaboration of local government with members of Homer’s business and non-profit communities. Many activities will be ongoing in nature. Others will set the stage for additional progress.

STRATEGY	RESPONSIBILITIES
“BIGGER PICTURE” FACTORS	
LOCAL GOVERNMENT POLICIES & SERVICES	
Goal: Local government will provide quality basic services and infrastructure needed to support and encourage private sector economic activity for the benefit of current and future generations.	
A: Utilize land use policies and other regulations to serve the overall public interest without unduly restricting development.	Planning Dept., Port & Harbor Dept., Public Works Dept.
1. Process permit and lease applications more efficiently/quickly.	
2. Project “How can we help you?” attitude in permitting process.	
3. Review policies and practices at least every 5 years.	
B. Provide high-quality public services and infrastructure.	
1. Maximize outside investment in City infrastructure to reduce burden on local taxpayers.	City Manager’s Office, Public Works Dept., Port & Harbor Dept.
2. Make maintenance of infrastructure a priority.	City Council
3. Support “quality of life” through City services and infrastructure.	City Council
QUALITY-OF-LIFE FACTORS	
Goals include enhancing /protecting Homer’s visual impact, arts and culture scene, educational opportunities, ease of transportation including walking and biking, recreation and fitness opportunities, health services, festivals and special events, and vitality of the downtown district.	City Council and all departments, in collaboration with other community groups.
AFFORDABLE HOUSING	
Goal: Assess options to meet current and future needs for affordable housing.	
A. Form task force to assess current housing supply, identify needs and barriers, evaluate options, and make recommendations.	City Council/Kenai Peninsula Housing Initiatives
A SKILLED, EDUCATED WORKFORCE	
Goal: Ensure quality life-long learning opportunities in Homer.	
A. Support quality public school programs.	City Council
1. Advocate for vocational/technical programs and basic skills classes as well as college-preparatory curricula.	
2. Support efforts to provide students with hands-on learning experiences.	
B. Support growth of UAA-KPC-Kachemak Bay Campus.	City Council
1. Support efforts to market Homer as a place to go to college.	

2. Support KBC goals aimed at expanding the campus with new buildings and facilities.	
3. Support the development of student housing.	
4. Support the development of new college programs to meet existing needs and likely areas of future job growth.	
C. Advocate for new vocational/technical training programs and centers in or near Homer.	City Council
1. Support Homer as the location for a Maritime Academy.	
2. Support vocational/technical programs offered at the college, high school, Alaska Vocational/Technical Center, and private companies or non-profit organizations	
D. Provide and protect the quality-of-life attributes known to attract skilled workers.	City Council and all departments in collaboration with other community groups
TECHNICAL AND FINANCIAL ASSISTANCE FOR BUSINESS OWNERS	
Goal: Improve chances of success for local entrepreneurs seeking to start or expand a business.	
A. Continue to support the Small Business Development Center housed at the Chamber of Commerce.	City Council
B. Support development of a new program aimed at helping entrepreneurs identify and secure needed capital.	Chamber of Commerce, City of Homer Economic Development Coordinator ²⁸
C. Support development of a program to provide mentoring and other networking opportunities for local entrepreneurs.	Chamber of Commerce, Economic Development Coordinator
THE BIGGER WORLD	
Goal: Help create a community that is resilient to adverse economic impacts related to such things as global financial crises, climate change, and escalating fossil fuel prices.	
A. Appoint a Local Food Commission to recommend and facilitate policies and programs designed to increase local agricultural production and consumption.	City Council
B. Continue to support development of renewable energy sources to help reduce dependence on fossil fuels.	City Council
C. Continue to work to bring natural gas to Homer.	City Council
D. Support Smart Growth principals such as mixed-use development, transportation options, and affordable housing.	City Council, Planning Commission, Planning Department
E. In development decisions, take into account possible future impacts of global greenhouse gas emissions such as sea level rise and ocean acidification, as well as potential positive effects such as longer, warmer growing seasons.	City Council, City departments
F. Support continued management of Alaska fisheries based on principles of sustainability.	City Council

²⁸ Economic Development Coordinator refers to a new position. See recommendations for “An Organizational Structure for Economic Development.”

G. Support programs which help local business owners and homeowners improve energy efficiency in their buildings and facilities.	City Council
ECONOMIC SECTORS	
COMMERCIAL FISHING AND MARICULTURE	
Goal: Protect and enhance commercial fishing and mariculture as a key element in Homer’s basic (export) economy.	
A. Support state/federal regulatory measures that help ensure sustainable fisheries.	City Council
1. Keep abreast of information related to fisheries health.	
2. Support regulatory proposals aimed at maintaining healthy populations and sustainable harvest levels.	
B. Provide and maintain infrastructure at the Port of Homer needed to support and grow the local fishing industry.	City Council, City Manager, Port & Harbor Director
1. Seek ways to either redefine “fish processing” at the state level or meet the current definition at the local level to help capture more of the fisheries taxes collected by the Alaska Dept. of Revenue.	
2. Continue to seek funding for expansion of the small boat harbor to make room for more commercial fishing vessels.	
C. Encourage development of the local seafood industry beyond traditional products and markets.	City of Homer Economic Development Coordinator, Small Business Development Center, Kenai Peninsula Economic Development District
D. Market Homer as a center for commercial fishing and quality seafood products.	Chamber of Commerce, industry groups, City Council
1. Develop and promote local product identification.	
2. Publicize the advantages of doing fisheries-related business in Homer.	
GENERAL MARINE TRADES/PORT & HARBOR DEVELOPMENT	
Goal: Promote growth and vitality of the marine trades as an economic cluster in Homer.	
A. Utilize City lease policies to help ensure that property needed for marine businesses is available on the Homer Spit at reasonable terms.	City Council, City Manager, Lease Committee
B. Continue to seek funding for capital projects that will benefit the marine trades, such as Deep Water Dock expansion and expansion of the Small Boat Harbor.	City Council, Special Projects Coordinator, Port & Harbor Director
C. Promote Homer as the site for an Alaska Maritime Academy.	City Council
D. Encourage new businesses that will fill unmet needs within the marine trades cluster.	Economic Development Coordinator, Chamber of Commerce
E. Address parking problems on the Spit	City Council
F. Encourage overslope development through public/private partnership whereby the City of Homer will invest in the necessary platforms and pilings to support further development.	City Council

TOURISM/VISITOR INDUSTRY	
<p>Goal: Increase the net benefits that tourism brings to Homer. <i>Note: The following objectives (A, B, and C) are taken from the Homer Comprehensive Plan, Economic Vitality Chapter. For more information including proposed strategies, see the Homer Comprehensive Plan, Chapter 8.</i></p>	
A. Invest in local infrastructure, parks, and civic improvements that will serve locals as well as visitors.	City Council
B. Support efforts to improve community attractions, including access to attractions and links between them.	City Council, Parks and Recreation Division, partner organizations such as Pratt Museum
C. Increase the net benefits that tourism brings to Homer. <i>The following strategy is one of those listed in the Homer Comprehensive Plan for achieving this objective: "Continue to explore the establishment of conference and convention capabilities in existing and/or new facilities."</i>	City Council, City Manager
1. (EDC recommendation): Pursue enactment of a modest local bed tax to support a conference center and other economic development activities.	
ARTS AND THE CREATIVE CLASS	
<p>Goal: Continue to attract artists and other members of the creative class to Homer and maximize economic benefit to the community.</p>	
A. Work to enhance and protect the quality of life factors that make Homer attractive to artists and other creative people.	City Council
B. Support public art above and beyond the existing 1% for Arts ordinance.	City Council and all departments, in collaboration with other community groups and businesses
1. Commission public art for existing parks, buildings, streets/sidewalks, and other facilities.	
2. Provide spaces, permanent and temporary, for art installations and music/performance art events.	
C. Publicly recognize the value of art in our lives and in our community.	City Council, Chamber of Commerce, other organizations
D. Support arts education in the public schools and elsewhere.	Kenai Peninsula Borough School District, City of Homer
E. Partner with local arts organizations and businesses to promote art in the community.	City Council, Chamber of Commerce
HEALTH, WELLNESS, AND RECREATION	
<p>Goal: Enhance the economic benefits to Homer from health, wellness, and recreation programs and providers.</p>	
A. Support efforts to provide modern technology in the health care sector; e.g., at South Peninsula Hospital.	South Peninsula Hospital, City Council
B. Support local job training programs in the health care field.	City Council, UAA-KPC-Kachemak Bay Campus

C. Seek to attract medical specialists in areas where there is unmet need.	Medical community, social service agencies
D. Support growth of services to meet the needs of senior citizens.	Homer Senior Citizens, other social service agencies, City Council
E. Support necessary steps to comply with federal health care reform mandates at the local level.	South Peninsula Hospital, other health providers, City Council
F. Publicize Homer’s many health care and wellness options through a directory of local health and wellness services.	Chamber of Commerce, Economic Development Coordinator
G. Expand and improve the City of Homer’s Parks and Recreation Program.	City Council, Parks and Recreation Commission, Community Recreation Coordinator
1. Complete a community recreation needs assessment.	
2. Investigate successful models from other towns.	
3. Develop a community parks and recreation master plan that describes program elements, staffing needs, and potential funding sources.	
4. Seek funding from multiple sources for the Parks and Recreation Program.	
EDUCATION	
Goal: Enhance economic development in Homer through the education sector.	
A. Support early childhood education programs in Homer.	City Council
B. Support adequate funding for Kenai Peninsula School District operations in Homer, with an expansion of vocational-technical education.	City Council
C. Support goals of the Kachemak Bay Campus of UAA-KPC including expansion of the campus and provision of student housing.	City Council
D. Support expansion of educational programs to take advantage of emerging economic opportunities and/or to capitalize on Homer’s existing strengths and assets, such as interest in sustainability, proximity to ocean resources, and arts/culture.	City Council, local college, local arts organizations and other non-profits
THREE BROAD SECTORS: CONSTRUCTION & MANUFACTURING, RETAIL, SERVICES	
Goal: Increase the contribution these sectors make to Homer’s overall economic health.	
A. Encourage enterprises that will provide jobs and other economic benefits without serious negative side effects.	City Council, Economic Development Commission, Economic Development Coordinator, Chamber of Commerce
B. Encourage value-added manufacturing to maximize local resources and provide products for export.	City Council, Economic Development Commission, Economic Development Coordinator, Chamber of Commerce
C. Convey a “How can we help you?” attitude to assist prospective business owners and those seeking to expand existing businesses.	City Council, Planning Commission, Planning Department
1. Utilize zoning to ensure adequate land for different needs and publicize available land zoned for different purposes.	

2. Improve the permitting process to clearly communicate requirements and reduce time and frustration for applicants.	
3. Publicize resources provided by other organizations that can assist local business owners.	
HIGH TECH/INTERNET BUSINESSES	
Goal: Support the growth of the high tech sector in Homer, including Internet-based businesses.	
A. Support technical upgrades that benefit individuals and businesses who utilize these services extensively; e.g., high speed broadband Internet, improved cell phone service, and wireless connectivity.	City Council, Economic Development Coordinator, Chamber of Commerce
B. Market Homer’s quality of life factors and suitability for high-tech/Internet-based operations.	City Council, Economic Development Coordinator, Chamber of Commerce
C. Support training opportunities for skill development in computer-related fields, including Internet-based commerce.	UAA-KPC-Kachemak Bay Campus, local high schools
TRANSPORTATION AND WAREHOUSING	
Goal: Increase the role of transportation and warehousing in Homer’s economy.	
A. Improve and expand Homer’s Port and Harbor facilities, including expansion of the Deep Water Dock and construction of the proposed East Boat Harbor.	City Council, City Manager, Port and Harbor Dept.
B. Utilize lease policies to simultaneously benefit the broader community and individual business owners.	City Council, City Manager, Lease Committee
C. Market Homer to attract new transportation-related businesses.	City Council, Chamber of Commerce
D. Improve and expand Homer’s overall transportation network in keeping with the goals of the Homer Comprehensive Plan, Transportation Plan, and Non-Motorized Transportation and Trail Plan.	City Council, Planning Commission, Planning Dept., Public Works Dept.
E. Support the development of a rail line connecting Homer to Anchorage.	City Council
AGRICULTURE	
Goal: Support expansion of local agricultural enterprises in the Homer area.	
A. Provide the Homer Farmers Market with a permanent location; e.g., in the proposed Town Center.	City Council
B. Advocate for a USDA-approved meat processing facility on the southern Kenai Peninsula.	City Council, Homer Farmers Market
C. Support construction of a community cold storage/freezer facility.	City Council, Homer Farmers Market
D. Support development of a “kitchen incubator” that provides food producers and processors in start-up and growth phases with access to technical assistance and shared facilities.	City Council, Homer Farmers Market
E. Build a new greenhouse for the City to use and encourage Homer High School to use existing greenhouses in a full year-long agriculture curriculum.	City Council, Kenai Peninsula Borough School District

F. Support efforts to encourage local food production, connect local farmers with markets, and publicize the benefits of “eating local.”	Homer Farmers Market, Sustainable Homer, City Council, Chamber of Commerce
G. Consider land use and/or tax incentives to take full advantage of the fact that the Homer bench is an extremely valuable agricultural microclimate.	City Council
H. Establish a program whereby City crews and equipment will assist in turning lawns into garden plots, at either no or low cost to property owners.	City Council, Public Works Dept.
I. Eliminate the City sales tax on locally grown non-prepared food.	City Council
J. Support changes in borough tax policy to classify greenhouses as “agricultural.”	City Council
K. Network and collaborate with University of Alaska-Fairbanks and Cooperative Extension Service personnel regarding research and funding opportunities.	Homer Farmers Market, City Council
L. Establish a Local Food Commission to further develop goals and strategies related to local agriculture/sustainability and facilitate achievement of the goals.	City Council
RETIREES AND SECOND-HOME RESIDENTS	
Goal: Maximize the benefits of retirees and second-home residents to the local economy.	
A. Focus on enhancing and marketing quality of life factors rather than offering financial incentives to attract retirees.	City Council
B. Support the growth of senior services in Homer, including health services.	Homer Senior Citizens, South Peninsula Hospital, and other health and social service agencies
C. Support efforts that result in vacation travel by seniors to Homer and seek to create a positive first impression for these visitors.	City Council, Chamber of Commerce
GOVERNMENT	
Goal: Without advocating unnecessary growth of government, maximize the contributions of government (especially borough, state, and federal) as an economic sector in Homer.	
A. Advocate for expansion of borough, state, federal, and tribal government offices and programs in Homer, as appropriate.	City Council
B. Seek to understand the needs of government agencies in Homer and work cooperatively to ensure those needs are met.	City Council
C. Respond to requests for letters and resolutions of support by government agencies, as appropriate.	City Council, City Manager
D. Take advantage of opportunities for networking and collaboration to help foster positive relationships with representatives of government agencies.	City Council, City departments

DOWNTOWN VITALIZATION	
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.	
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
AN ORGANIZATIONAL STRUCTURE FOR ECONOMIC DEVELOPMENT	
Goal: Greatly increase the chances that other goals in this plan will be accomplished by providing funding and staffing for an economic development office.	
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

CHAPTER 7 ECONOMIC VITALITY

Vision Statement: Homer’s economic industries remain strong and show continued growth.

Overview

This chapter presents goals and objectives related to economic development. While the private and non-profit sectors, along with state and federal spending, ultimately drives much of the economic activity, local government plays an important role in stimulating and guiding growth through its land use and infrastructure policies and projects.

The 1989 comprehensive plan stated:

Though it is generally recognized that fishing has been the backbone of the Homer economy for the past forty years, diversification of the Homer economy has taken place, especially in the last few years. Tourism, commercial and government services, retail trade, and a retirement population have been added in [the 1980s]...

These trends have continued and perhaps accelerated in the years since the 1989 plan. Additionally, as state and federal funding has changed, local and regional governments are bearing increased costs in providing services. Private sector economic health and growth are required to build the tax base if residents want to maintain existing government services and facilities.

Most of the economic development actions presented here are tied to topics addressed in other chapters. For example, recommendations regarding commercial development are included in Chapter 4 – Land Use. As a result, much of the value of this chapter is for those readers who are focused on economic issues and want to see a compilation of plan policies regarding economic development together in a single chapter. In 2011, the city adopted the Community Economic Development Strategy (CEDS). The CEDS document is a broad document covering many sectors of Homer’s economy.

Homer’s quality of life is a principal economic asset. Maintaining and improving the quality of life in Homer is crucial to keeping existing business and attracting new business and professional activity. Quality of life is challenging to define because it involves many dimensions of a community to which people place varying degrees of importance. The elements of quality of life that are particularly valuable to economic development are those that make the community especially attractive to residents, visitors, and small businesses. While there is room for further improvement, Homer currently possesses many such elements.

Homer’s Quality of Life Elements

- A strikingly beautiful natural setting
- A diverse, engaged, involved community, and rich civic life
- Diverse culture and leisure activities, including ready access to parks and a wide range of year-round outdoor recreation
- Eclectic neighborhoods such as Old Town and Pioneer Ave.
- Access to education and lifelong learning
- A feeling of safety and freedom from crime
- A clean, healthy, natural environment
- An active arts community, tradition of skill and interest in performing and visual arts
- Multiple transportation and access options, a developing trail system, and road access to Anchorage
- Access to commercial and recreational activities in and around Kachemak Bay
- High quality, comprehensive healthcare service

Summary of Goals

GOAL 1: Define and encourage economic development that meets the desires and interests of Homer residents and supports the unique character of the community.

GOAL 2: Encourage the retention and creation of more year-round and higher wage employment.

GOAL 3: Identify and promote industries that show a capacity for growth.

GOAL 4: Support renewable and non-renewable energy services.

GOAL 5: Strengthen Homer as a tourism destination.

GOAL 6: Support community efforts to establish affordable housing.

Goals and Objectives for Economic Vitality

GOAL 1: Define and encourage economic development that meets the desires and interests of Homer residents and supports the unique character of the community.

Homer residents would like to foster economic development in its many existing sectors. Education, sustainable tourism, health care, construction, commercial fishing and marine industries, arts, and culture are the industries that Homer has been built upon. These industries are viable and stable today and offer good prospects for growth. The remainder of this chapter looks in more detail at steps to strengthen Homer's economy, and to do so in a manner that provides economic opportunity while sustaining Homer's unique character and high quality of life.

Implementation Strategies

- Support local businesses with internal and external policies.
- Partner with organizations that have interests in the success of local merchants and products.
- Review and update city economic plans.



GOAL 2: Encourage the retention and creation of more year-round, higher wage jobs.

Homer residents desire more year round, living wage jobs. This in turn will help support small businesses, and the tax base.

Objective A: Increase year-round employment that will enable local people to work, live, and raise their families in Homer.

While almost all city actions will ultimately affect the course of economic change and job growth, city actions to promote year-round jobs include those listed below:

Implementation Strategies

- Consider zoning regulations that support new business opportunities while minimizing negative impacts.
- Evaluate opportunities to create and support public and private infrastructure.
- Encourage science, information infrastructure, and technology-based business development.
- Evaluate regional or other successes for opportunity within Homer.

Objective B: Encourage retention of existing and the relocation of new Federal and State Government jobs and training programs to Homer.

Government jobs are an important part of the local and regional economy. Government employment, whether research, visitor or education related, comprises 17.5% of local jobs. (American Community Survey 2014). Some government employment is found in every community, such as local, borough and state jobs related to day-to-day activities (airports, roads, schools, etc.). In addition, Homer has many residents who are employed through state agencies such as state parks, the court system, public health, the university, including the Kachemak Bay Research Reserve, and federal agencies such as the U.S. Fish and Wildlife Service and the Alaska Maritime National Wildlife Refuge, which are headquartered in Homer. The Coast Guard also has a presence in the community. The City of Homer is also known as an important base for marine research and education activities.

Implementation Strategies

- Work to retain existing state and federal jobs.
- Promote Homer as a place to expand and attract government operations



Homer: Not just the Halibut Capital of the World

Objective C: Support efforts to increase the scale and scope of the education industry to support a skilled workforce.

Education is important to Homer's economic vitality for two reasons. First, it provides residents with the ability to acquire the skills and knowledge ("human capital") needed to succeed in the global economy, and find a local job. To the extent people can acquire these skills and knowledge without leaving home, they can earn higher incomes, create new businesses and jobs for others, keep their education expenditures circulating in the local economy, and provide the skilled workers needed for existing local jobs. Education is also an exportable product if people come to Homer to learn.

University of Alaska provides essential post-secondary and vocational education to Homer residents. The economic impact is broad and significant. Additional educational programs are provided by several nonprofit organizations operating in Homer and across Kachemak Bay. The marine environment and spectacular setting of Homer and Kachemak Bay are significant assets that could lead to growth of the education industry. The implementation strategies below apply not only to Kenai Peninsula College (KPC), but also to any other interested educational institution.

Implementation Strategies

- Support development of programs that prepare individuals through workforce development
- Support opportunities for partnerships and collaborative educational programs

GOAL 3: Identify and promote industries that show a capacity for growth.

Objective A: Recognize emerging industries.

Homer is a place of big ideas and entrepreneurial spirit. Examples include the fervor with which local agriculture has developed, particularly high tunnel cultivation and commercial peony growing. These are growing local and regional business opportunities. Over time, there will be new economic opportunities that arise; the city should be open to these new ideas and support those that show reasonable opportunities for growth.

Implementation Strategies

- Interact with those involved in introducing new industries and services to Homer

Objective B: Promote the marine trades including mariculture and shipping industries.

Homer's harbor and associated marine trade and services activities are an important component of the local and regional economy. Marine related activities could be expanded to increase the number of living wage, skilled jobs in the community. Local seafood processing, boat building, and fabrication services offer a chance for a local product to reach the local, state and national markets. Homer's public and private port facilities also serve as a staging area for freight destined to more remote parts of the coast.

Implementation Strategies

- Work to identify and support infrastructure for marine related industries

Objective C: Promote recreation, the arts, and non-governmental organizations as a complement to tourism and as an export industry.

Recreation and the arts are key components of the Homer economy and support the tourism industry and Homer's quality of life. Actions to promote the arts include those listed below. Some of these objectives are best carried out by the City, while others are best undertaken by local arts groups and tourism marketing organizations with City cooperation and encouragement.

Implementation Strategies

- Consider and review zoning for opportunities that support the arts industry
- Support sustainable recreational facilities and opportunities (*see Objective E of Chapter 6, Public Services and Facilities*)

Objective D: Support the health care and wellness industries.

Health care and wellness are a growing sector of Homer's economy. This is partially driven by an aging population, but also by resident's desire for improved health. Over the past decade, South Peninsula Hospital has completed a major expansion, several new dental clinics have been constructed, and the Seldovia Village Tribe constructed both a medical clinic and a wellness center. Specialized medical services such as surgeries, sleep studies, oncology and VA care are also available. As the health care industry continues to change, Homer can expect to see growth in the types of medical services available, and more jobs in this field.

Implementation Strategies

- Support allied programs and businesses that strengthen Homer's local health care opportunities

GOAL 4: Support regional renewable and non-renewable energy exploration and production.

Homer citizens support researching and pursuing renewable energy projects. Outside of the city, oil and gas exploration continues. Supporting the exploration, extraction, and renewable energy industries does not necessarily have to compromise Homer's scenery or quality of life. There are many opportunities to benefit from the construction, research, and extraction activities, whether through direct employment, or by providing services such as worker housing, catering, fuel, payroll, and transportation to local and non-local contractors who work on site (*also, see Chapter 8, Energy Plan*).

Implementation Strategies

- Consider Homer's ability to provide support services

GOAL 5: Strengthen Homer as a tourism, business travel, education and recreation event destination.

Homer is already one of Alaska's premier tourist destinations and appears to be enjoying continuing growth in visitation and expenditures. A trend is also emerging to hold professional conferences and educational events in the community in addition to the many athletic, cultural and recreation opportunities. City actions can have a significant impact on the economic importance of the visitor economy by promoting longer stays, increased expenditures per person, and more repeat visitation.

Equally important, City government plays a crucial role in guiding the growth of tourism to maximize its benefits and to minimize the costs imposed on the people of Homer.

Objective A: Invest in local infrastructure, parks, and civic improvements that will serve locals well as visitors by promoting longer stays, increased expenditures per person, and more repeat visitation as a form of economic development.

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

Effort should be made in the future to have more tourists visit downtown Homer to support year round businesses. Seasonally, the Spit will continue to be a huge draw, but investment in tourist amenities should be equally focused on downtown Homer.

Implementation Strategies

- Maintain a welcoming environment that serves the needs of visitors

Objective B: Support efforts to improve community attractions, including land and water trails, and access to marine activities and the marine environment. Improve links between attractions.

Homer can be considered to have three main tourism destination areas: The downtown and Old Town area, the Spit, and the area across Kachemak Bay. While each of these areas currently attracts numerous visitors, it is likely that more tourists could be accommodated and more spending could be encouraged if the unique attributes of each area were further developed and if better connections were made among the three areas. Ideally, the enhancements that attract more tourists equally benefit local residents as well, resulting in an increase to business activity, tax receipts, and quality of life.

Implementation Strategies

- Improve the ability and convenience of travelers to travel throughout Homer

Objective C: Increase the net benefits that tourism brings to Homer.

Homer’s distinctive character and attractions create substantial economic benefits to the community in terms of jobs, business opportunities, and tax revenues. Tourism also helps the community host a greater number and diversity of businesses and services than what local spending alone can support. While tourism creates a wide array of benefits, it can also be disruptive to local life. For example, tourism may exacerbate traffic congestion, transform commercial areas from local to visitor-serving, cause crowding at recreation destinations enjoyed by residents, and potentially adversely affect fish, wildlife, and other elements of the natural environment. Community members have expressed a desire to encourage tourism activities that do not require extensive changes to the existing environment, but rather help to conserve Homer’s natural setting and improve the area.

As a result of this mix of positive and potential negative impacts, Homer should pursue a guided tourism growth policy. The community will promote tourism growth, but do so in a manner that helps sustain the qualities of the community that attract residents and visitors.

Implementation Strategies

- Promote tourist amenities that provide benefits beyond the tourist season
- Review the cost to maintain tourist amenities and minimize the amount of local subsidy
- Promote tourist activities that have the least negative impact to locals
- Promote Homer as a tourist destination

GOAL 6: Support community efforts to establish affordable housing.

Many residents expressed the view that economic development depends, at least in part, on a balance between income and the cost of living. Strategies to promote a diverse range of housing options are discussed in *Chapter 4, Land Use*. This goal is included as a component of economic vitality to explicitly reflect the connection between housing opportunities and the economic well-being of Homer.

City government has few tools to address the issue of affordable housing. The direct role of the City of Homer is limited by the fact the City is not a housing authority, and city taxation and development fees are relatively low. In recent years, the Economic Development Commission (EDC) has studied Homer's tax policies. The EDC found that the tax credits for housing that the city could institute do not significantly affect the cost of housing. The market demand is for homes that are more expensive, and the high cost of real estate and land development results in very few new 'affordable' housing units. However, the city can support the efforts of other groups in building new affordable housing units, which will free up units on the private rental market.

Implementation Strategies

- Consider support mechanisms for special population

Economic Vitality Implementation Table

Table 10. Chapter 7, Economic Vitality Implementation Table

Project	Timeframe			Ongoing	Primary Duty
	Near Term	Mid Term	Longer Term		
Goal 1 - Encourage Economic Development					
1-1 Support Chamber's Buy Local campaign and source city purchases locally when price competitive.				x	Administration
1-2 Continue the local bidders preference in city procurement policies.				x	City Council
1-3 Review and make zoning recommendations that promote local agriculture and other locally sourced products.	x			x	HAPC
1-4 Plan for economic development by partnering with organizations such as the Chamber of Commerce. Retain an active board role with the chamber, and involvement with Kenai Peninsula Economic Development District, Inc. (KPEDD), Homer Marine Trades, non-profits and other similar organizations.				x	Administration
1-5 Review the Community Economic Development Strategy (CEDS) Plan.		x			EDC
1-6 Create an action plan from the CEDS plan.	x				Administration, EDC
1-7 Stay abreast of the requirements of information technology infrastructure.				x	HAPC, EDC
Goal 2 - Encourage Year-round Jobs					
2-A-1 Review zoning regulations to ensure new businesses and development are not unduly restricted.				x	HAPC
2-A-2 Continue to invest in community infrastructure and transportation systems (see Chapter 5, Transportation).				x	City Council, Administration
2-A-3 Identify business needs through business retention program participation.				x	EDC
2-A-4 Stay abreast of the needs of technology-based business and review the ability of the city to support.				x	EDC
2-A-5 Partner with KPEDD to identify options for incentives to encourage local business growth.	x			x	EDC, Administration
2-A-6 Work with KPEDD to identify regional successes.	x			x	EDC, Administration
2-B-1 When local state or federal jobs are being considered for elimination or relocation, lobby to retain them.				x	City Council, Administration

Project	Timeframe			Ongoing	Primary Duty
	Near Term	Mid Term	Longer Term		
2-B-2 Actively work with the Coast Guard to support the retention and expansion of facilities in Homer.	x			x	City Council, Administration
2-B-3 Work with state and federal authorities to promote the expansion of their activities in Homer.				x	City Council, Administration
2-C-1 Keep abreast of KPC program offerings and consider resolutions of support.				x	City Council
2-C-2 Review zoning requirements in regard to student housing opportunities.		x			HAPC
2-C-3 Support collaborative educational programs.				x	City Council
2-C-4 Connect sources of information that contribute to identifying local job training needs.				x	EDC, Administration
Goal 3 – Promote Growing Industries					
3-A-1 Periodically review land use regulation effects upon new business opportunities.				x	HAPC, Planning
3-B-1 Make ice available year round for fish processing, when demand dictates.		x			Port
3-B-2 Continue to evaluate demands and plan to address ways to support the fishing industry.				x	Port and Harbor Commission
3-B-3 Continue efforts to expand the Deep Water Dock and other Harbor infrastructure.	x			x	Administration, Port, City Council
3-B-4 Continue East Boat Harbor expansion studies.				x	Administration, Port, City Council
3-C-1 Review zoning for opportunities that accommodates art studio, art education activities, and residential living (<i>also, see chapter 4, Land Use</i>).	x				Planning, HAPC
3-C-2 Investigate options for creating a new, multi-purpose cultural, performing arts and community center in Homer’s town center (<i>see the Town Center Plan and Park Art Recreation and Culture Needs Assessment</i>).			x		Administration
3-D-1 Lobby for support of Kenai Peninsula College (KPC) programs supporting the local healthcare industries.				x	City Council
3-D-2 Consider shared marketing opportunities to also include Homer as a healthcare destination.				x	Administration, Chamber of Commerce

Project	Timeframe			Ongoing	Primary Duty
	Near Term	Mid Term	Longer Term		
Goal 4 – Support Energy Exploration and Production					
4-1 Maintain and/or expand industrial zones.				x	Planning Commission
4-2 Support community efforts to remediate brownfield locations via letters and resolutions of support and technical assistance for grant applications.				x	Administration, City Council, other departments as appropriate
4-3 Continue to review zoning options for provisions of renewable energy systems in the City.				x	Planning Commission
4-4 Promote renewable energy development regionally with resolutions of support.				x	City Council
4-5 Review how land use policies may be used to support energy, mining, oil, and gas support services.				x	Planning Commission
Goal 5 – Strengthen Homer as a Destination					
5-A-1 Support and fund beautification efforts on Pioneer Avenue through budget appropriations, CIP, cost sharing and grant applications.				x	City Council, Administration
5-A-2 Ensure that City facilities are sufficient to support events that draw visitors such as festivals and activities (e.g., clean restrooms on the Spit, RV dump stations, adequate trash collection, park maintenance, etc.).				x	City Council, Administration, Public Works
5-B-1 Review opportunities to improve shuttle stops (also, see 5-B-3).				x	Public Works, City Council
5-B-2 Design and build a wayfinding system that includes the Spit, Pioneer Ave., and Old Town, consider a local partnership.		x			City of Homer, Chamber of Commerce, community partner
5-B-3 Consider constructing ADA accessible sidewalk improvements and installing benches and trashcans at central shuttle stops, such as the corner of Bunnell and Main.	x				Public Works, City Council
5-C-1 Adequately fund maintenance of public facilities.				x	City Council, Administration, Public Works
5-C-2 When planning new amenities, evaluate projects benefits for both residents and visitors (e.g., trails).				x	City Council, Administration, Public Works
5-C-3 Support eco-tourism concepts and passive or quiet low-impact recreation activities in marketing information.				x	City partnership with Chamber of Commerce

Project	Timeframe			Ongoing	Primary Duty
	Near Term	Mid Term	Longer Term		
5-C-4 When opportunities arise, work with private sector partners to support private sector establishment of conference and convention capabilities.				x	Administration
5-C-5 Review infrastructure capacity for the ability to meet current and future demands.				x	Public works
5-C-6 Recommend and support taxation policies and fee structures that result in revenues from tourism that cover the city's costs in providing services to tourists.	x			x	City Council and City Departments
5-C-7 Support shoulder season activities that are not seasonally dependent as a way to expand the local economy.				x	Public Works, Administration, City Council
5-C-8 Identify, promote and expand, and target visitor markets, including Alaska residents, out-of-state independent travelers, and small group package tour travelers.				x	Chamber of Commerce, KPTMC
5-C-9 Accommodate and encourage events such as the Shorebird Festival and Kachemak Bay Writers' Conference, professional and educational conferences, and sporting tournaments.				x	Administration, City Council, and community partners
Goal 6 – Support Efforts to Establish Affordable Housing					
6-1 Support the efforts of other organizations to provide housing for target populations such as seniors, low income and special needs residents. Write letters or pass resolutions of support.				x	City Council, Administration
6-2 Support senior housing that allows seniors to age within the community, such as assisted living and long term care. Write letters or pass resolutions in of support for grant applications to expand housing.				x	City Council, Administration
6-3 Maintain land use regulations that support cradle to grave housing options for special populations.				x	HAPC



City of Homer

www.cityofhomer-ak.gov

Administration

491 East Pioneer Avenue
Homer, Alaska 99603

(p) 907-235-8121 x2222

(f) 907-235-3148

Memorandum

TO: ECONOMIC DEVELOPMENT ADVISORY COMMISSION
FROM: JENNY CARROLL, SPECIAL PROJECTS & COMMUNICATIONS COORDINATOR
DATE: OCTOBER 2, 2019
SUBJECT: REMOTE WORKFORCE RECRUITMENT

At the September meeting, the EDC expressed their interest in working in partnership with the Chamber of Commerce on the Remote Workforce Recruitment project and asked that the Remote Workforce Recruitment project be on the October agenda.

Specifically, Commissioner Arevalo expressed interest in exploring a shared workspace (office space) to benefit both locals and to help attract remote workers to move to Homer.

At the October 8th EDC meeting, Commissioner Mink will be sharing information he compiled on the needs/practices of shared workspaces. ***(Update to memo: Commissioner Mink requested an excused absence from the EDC meeting, so will not be in attendance to give his report.)***

Commissioner Johnson will report on his discussion with Chamber Director Speakman and provide a project update. ***(Update to memo: Since last month, Ms. Speakman resigned.)***

RECOMMENDATION

Ask Commissioner Johnson for his update report and put Remote Workforce Recruitment as pending business on the November agenda.



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Memorandum

TO: ECONOMIC DEVELOPMENT ADVISORY COMMISSION
FROM: JENNY CARROLL, SPECIAL PROJECTS & COMMUNICATIONS COORDINATOR
DATE: OCTOBER 2, 2019
SUBJECT: GROW ECONOMY INNOVATION PLAZA PROPOSAL

Homer Innovation Program Proposal

A firm called Grow Economy made a presentation to City Council at their September 23, 2019 City Council Meeting to propose creating an innovation plaza at the HERC site. As I understand it, the proponents envision the plaza as a business incubator serving the State of Alaska. Grow Economy's presentation to Council is attached, and proposes Council re-appropriate the \$30,000 previously budgeted for the HERC demolition study to be used as an EDA cost share to secure an additional \$30,000 to \$40,000 of funding to carry out the program planning phase, which is what Grow Economy estimates it would cost them to carry out the planning phase.

At the writing of this memo, my understanding is that Councilmembers Smith and Stroozas plan to introduce an Ordinance at the October 14th City Council meeting to appropriate funds to enter into a 3-4 month \$3,500 per month contract with Grow Economy to secure an EDA contract award. If successful, Grow Economy would then transition to the new EDA funding source, a \$30,000 to \$40,000 EDA grant plus \$30,000 City of Homer matching funds originally budgeted for the HERC demolition study.

Councilmember Smith thought it would be great if this could make it on the EDC's agenda. There is not a copy of the exact Ordinance for your packet, but if Council takes it up this would be the only chance the EDC has to weigh in as the EDC's next regular meeting is after the City Council's second reading of the Ordinance on October 28, 2019.

RECOMMENDATION

Discuss the presentation and formally propose any recommendations to City Council based on your review.

Homer Innovation Program Proposal

Submitted to the City of Homer

By Grow Economy

September 17, 2019

Innovation Programs and How they Function

Innovation programs provide the framework, support, and facilities that entrepreneurs need to turn their ideas into successful businesses. They range from simple business incubation programs to plazas that the public can use to develop prototypes and ideas. They stimulate the economy by attracting and retaining talent, encouraging business growth, and promoting economic diversification. In short, they enable people with good ideas to transform them into viable businesses that benefit the community on many levels.

Innovation programs build off existing economic drivers, while encouraging new industries. Funding is available through the U.S. Economic Development Administration (EDA) and other Federal agencies. Homer is an ideal candidate for an innovation plaza, because it is one of Alaska's most desirable places to live and is centrally located on Kachemak Bay. Below are several examples of successful innovation plazas that benefit small to medium size communities in other regions of the United States:

Atwood Innovation Plaza, Saint George, Utah

The Atwood Innovation Plaza was funded through an EDA cost-share grant. The facility is a 16,000 square foot "makerspace" and laboratory, which is housed in a former elementary school. An \$875,048 EDA grant and matching contribution paid for the renovation and equipped the facility. The makerspace portion of the Innovation Plaza has 3D printers, woodworking tools, specialized computers, and software programs available to the public for developing prototypes. The laboratory is a biotechnology, medical, and environmental training research facility. It is a resource center that allows young entrepreneurs and scientists to connect, form partnerships, and create ideas. The Innovation Plaza also provides businesses access to growth capital, including a \$22 million fund in partnership with Notre Dame University. The ideas developed here enter the community as local businesses, which bring jobs and wealth to the Saint George area. The project is estimated to create 260 well-paying jobs for the Saint George area.¹

Ohio University Innovation Center, Athens, Ohio

Another example of a successful innovation plaza funded by the EDA is the Ohio University Innovation Center. This is the first university-based business incubator in the United States. Founded in 1983, the Innovation Center provides young entrepreneurs with access to flexible space and lease options for new companies. Additionally, it provides access to equipment, professional mentors, and other resources. The businesses

incubated here have generated 297 jobs in the local economy. This year the EDA awarded a \$1.15 million grant to help upgrade this facility. The university provided a \$287,684 cost-share for this grant. The Innovation Center expects the upgrade to enable the community to attract an estimated \$20 million in private investment and generate 100 jobs. This example demonstrates the continued investment EDA makes into valuable community assets like innovation plazas.²

San Rafal Energy Research Center, Emery County, Utah

A slightly different example of an innovation facility is the San Rafal Energy Research Center in Emery County, Utah. Its main differentiator is its focus on coal innovation and energy—the chief local economic drivers. Like the other innovation plaza models, it is a physical space that attracts entrepreneurs and businesses, while fostering innovation in a rural place. This is important, as Emery County suffers from high levels of unemployment and underemployment due to negative changes in the coal industry. San Rafal encourages innovation in industries vital to the local economy. This includes manufacturing carbon fiber, as well as extracting rare earth elements and other products from coal. The facility is also collaborating with the U.S. Department of Energy to develop a molten salt reactor for energy production. This program draws off local industries and provides them with innovative tools to help them transform and adapt to changing market needs. As a result, San Rafal brings jobs and capital to the area, which benefit a community that has suffered from economic decline.³

The site consists of an old industrial building known as the Central Warehouse, which Emery County purchased and renovated to house specialized testing equipment. Utah's Community Impact Board funded San Rafal and the site pursuing additional funding from the U.S. Department of Energy and EDA.⁴

Why Homer is Ideal and How it can Benefit

Alaska is an undeveloped frontier for innovation programs. Projects like those mentioned above exist throughout the country, but Alaska currently has none. However, such programs could benefit many Alaskan communities. The state has an unemployment rate that is nearly twice the national average and its cost of living is among the highest in the nation. Furthermore, the entire Kenai Peninsula is a designated IRS Qualified Opportunity Zone, making it a priority area for EDA funding.⁵

Homer has an opportunity to create an innovation plaza of its own that can transform it into a hub of prosperity. Homer's setting stimulates creativity and provides the quality of life that is an ideal environment for innovation to flourish. However, like many Alaska communities, it faces economic and geographic challenges that make it difficult for new businesses to thrive. These challenges include a lack of capital, mentors, and resources for early stage businesses. A physical center similar to the Atwood Innovation Plaza will encourage environmentally sustainable industries and enable ideas and the people who create them to remain in Homer. This will allow Homer to reap the rewards

of an increased tax base, lower unemployment rate, and a more diverse business community.⁶

Below are key industries that will benefit from and innovation plaza in Homer:

- Technology
- Small business
- Engineering and advanced manufacturing
- Healthcare
- Government contracting
- Social impact/nonprofit

Homer’s innovation plaza will make it a leader in Alaska business development. Moreover, this program will extend resources to rural communities throughout Alaska. Such an approach strategically positions Homer at the center of a high-impact, statewide initiative. As such, the Homer innovation plaza would be a likely recipient of robust federal funding.

HERC 1: the Ideal Center for Innovation on the Kenai Peninsula

A New Life for HERC 1 as an Innovation Plaza

HERC 1 is the ideal location for Homer’s innovation plaza. Located in the heart of town, it is the first impression that most people receive of downtown Homer when they visit. Transforming a decaying building into a hub of innovation and small business support will anchor Homer’s economic diversification. This resource will then become a “gateway” and symbol of community prosperity that will increase the value of the surrounding area. And, it will no doubt become a place where local ideas are nurtured and developed, which will benefit Homer.⁷

In addition to location, HERC 1 is ideal because of the place it holds in Homer’s collective memory. Many local residents remember attending school here and it has remained a historic landmark for nearly 65 years. This project will give HERC 1 a second life and allow it to continue to educate, inspire, and encourage people well into the future. It will also conserve physical resources and result in less harmful environmental consequences than demolition. Furthermore, this second life will transform HERC 1 into a community asset that is more energy efficient and sustainable. With this transformation, HERC1 can become a place where Homer’s past and future connect.⁸

According to the “HERC Task Force Final Recommendations Report,” demolition of HERC 1 will cost between \$750,000 and \$1 Million. This amount may even be more depending upon variables and unforeseen challenges. New construction of a similar building at the site could be as high as \$8.22 million. If the city opts to demolish and not construct anything, the question of what to do with the land still remains. It is a prime location in Homer, but public support for subdividing and selling it off is not strong and the impact on the feel and character of Homer would be substantial. A plaza at this

location will leave its character intact, provide a responsible use for the land, and allow it to remain a public resource that will enhance the community.⁹

Transforming HERC1 Into an Innovation Plaza

Although HERC 1 requires renovation, it is a solid building that is well constructed. Transforming it into an innovation plaza will require system updating, asbestos mitigation, and general repairs (such as the roof). Additionally, it will require improvements that make it more energy efficient and environmentally friendly. The first phase of this project will focus on identifying the most economical ways to carry out a renovation and maximize federal funding in the process.¹⁰

The 16,000 square foot layout of HERC 1 is well suited for this project. The large gym on the first floor could be repurposed into a makerspace facility with 3D printers, specialized computer systems, office equipment, workspace, and other resources. The wood floor and openness should be retained in this space. The old kitchen could be transformed into a test kitchen and restaurant incubator, while the lower floor (where the old weight room is) could be used as shop space. The upper floor office, classrooms, and library could be renovated, modified, and rented out as co-working spaces. Some possibilities here include conference rooms, flexible short-term workspaces, and private office space for new businesses similar to the Ohio University Innovation Center. A non-profit entity could partner with the city to manage the innovation plaza, programing, and develop long-term funding sources.¹¹

Great potential exists for partnering with other communities on Kachemak Bay and throughout Alaska. Doing so will ensure that this is a high-impact program with significant federal support. Possible funding sources to support this program could be from EDA, USDA, and other federal agencies. For example, the EDA can support this project through a two-phase process that includes a planning grant and an implementation grant. The following section discusses EDA grants, which are the first step to making this project successful.

EDA Grants

EDA Funding Priorities

The EDA gives priority to funding projects in economic distressed areas. This includes areas with unemployment levels that are chronically higher than the national average, low labor force participation, and poverty rates higher than the national average, as well as those located in Qualified Economic Opportunity Zones. Homer, Alaska qualifies as “economically distressed” by EDA’s standards.¹²

Eligible projects also have to align with at least one of five of EDA’s investment priorities. These include the following:

1. Recovery and Resilience

2. Critical Infrastructure
3. Workforce Development
4. Export & FDI
5. Opportunity Zone

A center for innovation in Homer will align with three of these priorities:

- Recovery and Resilience (1): because it will help Homer recover from economic shocks in the fishing industry, energy sector, and the state fiscal crisis by encouraging a stronger private sector that is less dependent on volatile industries.
- Workforce Development (3): because an innovation program will provide a business incubation facility that will encourage job creation and business expansion in the community.
- Opportunity Zone (5): the entire Kenai Peninsula is a designated Opportunity Zone and this project will benefit the whole region.¹³

EDA Cost-Share Structure

For an entity to receive funding from the EDA, they must provide a matching contribution. The percentage of a project that EDA will cover is based on applicable economic criteria (see the table on the following page). Certain areas qualify for a higher match depending on their economic scenario. According to available data, Homer likely qualifies for at least a 60/40 match. The match portion can be funds, in kind contributions, or a combination of these. In-kind contributions include staff hours, buildings, facilities, and equipment. These match sources can come from other federal awards providing they are “authorized by statute, which may be determined by EDA’s reasonable interpretation of the statute.”¹⁴

Below is a table showing the match structure of EDA grants depending on local economic conditions and other criteria:

Projects located in regions in which:	Maximum allowable investment rates (percentage of total project cost)
(A) The 24-month unemployment rate is at least 225% of the national average; or	80
(B) The per capita income is not more than 50% of the national average.	80
(C) The 24-month unemployment rate is at least 200% of the national average; or	70
(D) The per capita income is not more than 60% of the national average.	70

(E) The 24-month unemployment rate is at least 175% of the national average; or	60
(F) The per capita income is not more than 65% of the national average.	60
(G) The 24-month unemployment rate is at least 1 percentage point greater than the national average; or	50
(H) The per capita income is not more than 80% of the national average.	50

EDA Grant Match Structure

EDA Grants for Homer

The first step to making an innovation center in Homer a reality is an EDA planning grant. A planning grant will provide a clear path forward and identify the costs and benefits of transforming HERC 1 into an innovation resource. It will also help stakeholders understand the best way to design the program to ensure its success and viability. Furthermore, it will enable stakeholders to identify other funding sources and initiate them so that their investment is maximized.

The planning phase will also provide a framework for the city to explore “green” improvements to the existing structure that will make it more energy efficient, cost effective, and an attractive community resource. These efforts will take into consideration any environmental impacts and responsible hazardous material removal during the renovation. The planning grant will also determine the full eligibility of the resource for historic preservation funding which could be used for roof repair, asbestos mitigation, window updating, or other improvements. One of the most important objectives of the planning phase will be identifying how the innovation plaza will function, who will partner with it, and how it will become a self-sustaining asset for Homer.

Upon the successful completion of the planning grant, the City of Homer will be in the position for a full implementation grant. At this point the stakeholders will have identified and secured the match for the building renovation. Additionally, they will have a clear path forward for the HERC complex, as well as a fully developed vision for an innovation plaza. A full implementation grant will be an infrastructure grant and following its award, physical work can be done to complete innovation plaza renovation. The planning grant will take approximately 3-6 months to implement. The infrastructure grant could be spread over 1 or more years, depending on the preference of the City of Homer.

Partnering with Grow Economy

Grow Economy is a 501(c)3 nonprofit organization, which fosters rural economic development within communities and regions impacted by adverse economic circumstances. In partnership with government and private entities, this organization develops innovative solutions and business growth strategies that result in economic

development and prosperity. Recently, Grow Economy has implemented an EDA innovation project in the coal-producing region of eastern Utah and western Colorado. This project includes six counties, numerous municipalities, and two associations of government.

Grow Economy has the following expertise:

- Strategic program development
- Government contacts and federal government relations (primarily focused on federal funding in the appropriation process)
- Complex proposal development (this includes preparing and implementing the entire grant process with EDA and other federal agencies)
- Historic preservation planning (this includes identifying eligibility for historic preservation funding for this project and pursuing those sources)
- Public-private partnership development
- Experience with innovation program planning and execution.

Grow Economy Leadership Background

Joshua Jack Riley, MHP

Executive Director and Co-Founder

Joshua provides Grow Economy's general management and administration. He also provides the proposal development work and research that help clients win federal contracts. Formerly, Joshua was a part owner of a federal prime contractor where he applied his proposal management skills to secure significant federal funding awards. His experience includes proposal management for federally funded contracts with multiple government agencies.

Joshua has deep experience managing the proposal process from strategy development to proposal drafting and to final award. Along with his significant proposal management experience, Joshua has developed user literature and numerous technical documents for the U.S. Department of Defense.

In addition to his work with federal funding, Joshua has experience with local governments. This includes municipal revitalization through historic preservation policy, as well as serving on an economic development board in rural Georgia.

Education

M.H.P. The University of Georgia, College of Environmental Design, Athens, Georgia

Honors: *Phi Kappa Phi National Honor Society -- University of Georgia, Sigma Pi Kappa National Historic Preservation Society.*

B.A. University of Alaska, Anchorage

Major: History

Honors: *Cum Laude, Phi Alpha Theta History Honors Society*

Jeremiah M. Riley, JD

Chair and Co-Founder

Jeremiah Riley is the chair and co-founder of Grow Economy. Jeremiah is also the founder of Uinta Group, which is a government relations consultancy. Jeremiah has successfully positioned Uinta Group as a national expert in federal appropriations, project funding, and government contracting. Over the prior decade, Jeremiah was a part owner of a federal prime contractor and represented company interests before the U.S. Congress and federal agencies.

Jeremiah is a government relations consultant with deep expertise at the intersection of business and government. Jeremiah's experience includes strategic program development where he has secured over one hundred million of dollars of federal funding for noteworthy projects. A sampling of Uinta Group's clients include: San Rafal Energy Research Center, University of Utah, Box Elder County, Utah, and the Five County Association of Governments. In addition to his consulting work with Uinta Group and leadership in Grow Economy, Jeremiah is an attorney licensed to practice law in Alaska and Utah.

Education

J.D. University of Utah, SJ Quinney College of Law, Salt Lake City, Utah

Honors: *Graduated with Honors*

B.S. Utah State University, Huntsman School of Business, Logan, Utah

Major: Economics

Partnership Structure

There is an opportunity for the City of Homer and Grow Economy to work together to develop this important initiative. We propose doing so in partnership with the EDA through a two-part funding process. The first part being an EDA planning phase funded through an EDA planning grant. During this phase, Grow Economy would conduct a deep, data-driven analysis to determine what the Homer innovation plaza program should look like to ensure success and viability. This planning phase would position the project for a large EDA implementation grant and follow-on federal funding awards.

Based on prior experience, we anticipate that the cost for Grow Economy to carry out this planning phase would be \$60,000. To fund this effort, we propose that the City of Homer re-appropriate the \$30,000 previously budgeted for the HERC demolition study to be used as an EDA cost share to secure an additional \$30,000 to \$40,000 of funding to carry out the program planning phase. This \$60,000 effort is a necessary phase in developing a high-profile, high-impact innovation plaza. To secure the EDA funding, we propose that Grow Economy enters a \$3,500 month-to-month contract with the City of Homer. Grow Economy would then transition to the new EDA funding source. We anticipate that it will take 3-4 months to secure an EDA contract award.

By partnering with Grow Economy to transform HERC 1 into an innovation plaza, Homer will become a center of entrepreneurship, business development, and technology. As such, it will become a regional hub of invention and creativity. The end result will be better jobs, a better economy, and a lasting legacy the community can be proud of for decades to come.

Notes

¹ Dixie State University, “Innovation Plaza Receives \$1.75 Million in Funding,” Dixie State University New, Dixie State University, <https://news.dixie.edu/2018/07/05/innovation-plaza/> (Accessed September 11, 2019); Sallie Sullivan, “Atwood Innovation Plaza: The Gathering Place of Brilliance,” *Blazer Bulletin*, Dixie State University, <https://bulletin.dixie.edu/2019/07/29/atwood-innovation-plaza-the-gathering-place-of-brilliance/> (Accessed September 11, 2019); EDA, “U.S. Department of Commerce invests \$875,048 to Equip Biotech and Makerspace Facility in St. George, Utah,” United States Department of Commerce Press Release, <https://www.eda.gov/news/press-releases/2018/06/21/st-george-ut.htm> (Accessed September 13, 2019).

² Ohio University, “Innovation Center,” Ohio University Center for Entrepreneurship, <https://www.ohio.edu/entrepreneurship/innovation-center> (Accessed September 13, 2019); Natalie Wilson, MPA and Jason Jolley PhD, “2018 Economic Analysis of the Ohio University Innovation Center,” Ohio University’s Voinovich School of Leadership and Public Affairs, Athens Ohio, May 2019, 1, <https://www.ohio.edu/research/innovation/upload/2018-Economic-Impact-of-Innovation-Center.pdf> (Accessed September 13, 2019); EDA, “U.S. Department of Commerce Invests \$1.15 Million to Support Innovation-Fueled Business Growth in Ohio,” United States Department of Commerce Press Release, <https://www.eda.gov/news/press-releases/2019/07/31/oh.htm> (Accessed September 13, 2019).

³ Julie Johansen, “Emery County Commissioner Developing San Raphael Research Center,” ETV News, June 26, 2019, <https://etvnews.com/emery-county-commissioners-developing-san-rafael-research-center/> (Accessed September 13, 2019).

⁴ Ibid.

⁵ United States Department of Labor, “Seasonally Adjusted Unemployment Rate,” Bureau of Labor Statistics, <https://data.bls.gov/timeseries/LNS14000000> (Accessed September 13, 2019); State of Alaska, Seasonally Adjusted Labor Force Data 1976-2019, Department of Workforce Development, <http://live.laborstats.alaska.gov/labforce/labdataall.cfm?s=2&a=1> (Accessed September 13, 2019); World Population Review, “Cost of Living Index by State 2019,” 8/27/2019, <http://worldpopulationreview.com/states/cost-of-living-index-by-state/> (Accessed September 13, 2019); Community Development Financial Institutions Fund (CDFIF), <https://www.cdfifund.gov/Pages/Opportunity-Zones.aspx> (Accessed September 13, 2019).

⁶ City of Homer, “HERC Task Force Final Recommendation Report,” City of Homer, Homer: November 27, 2018., 31.

⁷ Ibid., 11.

⁸ Ibid., 3, 22.

⁹ Ibid., 11, 15-17.

¹⁰ Stantec, “HERC Building Upgrade Analysis Report,” Stantec Architecture Inc., Anchorage: April 5, 2016., 25

¹¹ Homer, “HERC Task Force Final Recommendation Report.” 6; Megan Pacer, “City Answers HERC Questions,” *Homer News*, January 24, 2019; Ohio University, “Innovation Center,” <https://www.ohio.edu/entrepreneurship/innovation-center> (Accessed September 14, 2019).

¹² Economic Development Administration, “Notice of Funding Opportunity, Public Works and Economic Adjustment Assistance Programs, Full Announcement Text,” U.S. Department of Commerce, 13-15.

¹³ EDA, “Investment Priorities,” United States Department of Commerce, <https://www.eda.gov/about/investment-priorities/> (Accessed September 13, 2019).

¹⁴ EDA, “Notice of Funding Opportunity, Public Works and Economic Adjustment Assistance Programs,” 11-13.



City of Homer

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Administration

491 East Pioneer Avenue
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Memorandum

TO: ECONOMIC DEVELOPMENT ADVISORY COMMISSION

FROM: JENNY CARROLL, SPECIAL PROJECTS & COMMUNICATIONS COORDINATOR

DATE: OCTOBER 2, 2019

SUBJECT: ORDINANCE TO REPEAL HCC 2.76 ECONOMIC DEVELOPMENT ADVISORY
COMMISSION

Council Members Lord and Erickson have proposed an Ordinance for introduction at the October 14, 2019 City Council meeting to repeal HCC 2.76 which would inactivate the EDC. There was not a final Ordinance at packet deadline. A draft of the Ordinance is provided. Please know that this is a draft. It has not been finalized; nor has it gone out to review by the City's legal counsel.

I had the opportunity to speak with Council Member Lord. The impetus behind the Ordinance is to engage community volunteers and allocate limited city resources in an effective and efficient manner.

This is not the first time Council has considered inactivating the EDC. The Commission was inactivated January 24, 2000 at EDC request on January 11, 2000. Council reactivated the Commission on February 27, 2006 via Resolution 06-20.

RECOMMENDATION

Discuss the Ordinance and formally propose any recommendations to City Council based on your review.

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 Lord/Erickson
4

5 **ORDINANCE 19-xx**
6

7 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA
8 REPEALING HCC 2.76 ECONOMIC DEVELOPMENT ADVISORY
9 COMMISSION, REQUIRING ECONOMIC FINDINGS TO
10 ACCOMPANY RECOMMENDATIONS FROM CITY COMMISSIONS,
11 ESTABLISHING AN OFFICIAL MAYORAL APPOINTMENT TO THE
12 KENAI PENINSULA ECONOMIC DEVELOPMENT DISTRICT BOARD
13 OF DIRECTORS CITY OF HOMER SEAT AND ENCOURAGING
14 APPOINTMENT OF TASK FORCES TO ADDRESS TIMELY
15 COMMUNITY ISSUES.
16

17 WHEREAS, the strength of Homer's economy, including the business community and
18 quality of life, is an overarching consideration for all of the City's Commissions and the City
19 Council; and,
20

21 WHEREAS, City representatives participate with the Homer Marine Trades Association,
22 the Homer Chamber of Commerce, and the Kenai Peninsula Economic Development District
23 (KPEDD); and,
24

25 WHEREAS, the City of Homer Comprehensive Economic Development Strategy (CEDs)
26 overlaps in many ways with the Homer Comprehensive Plan, including within Chapter 7
27 Economic Vitality; and,
28

29 WHEREAS, on behalf of the Kenai Peninsula Borough, the KPEDD regularly produces
30 and annually updates a CEDs inclusive of the entire Kenai Peninsula Borough; and,
31

32 WHEREAS, the Kenai Peninsula Borough CEDs 2019 Update includes many of the
33 tenants of the Homer CEDs (last updated in 2011) that may not be included in the Homer
34 Comprehensive Plan; and,
35

36 WHEREAS, the majority of the tasks within the Homer CEDs are targeting actions for the
37 City Council, and when recommendations for City Council actions are needed they would be
38 best drafted by specific-issue Task Forces created by Council and the Mayor; and,
39

40 WHEREAS, the few tasks identified for the EDC in the Homer Comprehensive Plan are
41 providing reviews and updates; and,

42 WHEREAS CEDS reviews and updates should be completed in partnership with the
43 KPEDD, and Comprehensive Plan updates occur on a 5-10 year cycle and are not best suited
44 for the time and expense of a standing City Commission; and,
45

46 WHEREAS, City Commissions can recommend to City Council and Council can appoint
47 Task Forces to address timely issues of concern to the community, including those related to
48 economic development; and,
49

50 WHEREAS, focusing limited City resources is critically important to ensure the efficient
51 and productive response to concerns and answering questions; and,
52

53 WHEREAS, maximizing citizen involvement to answer specific questions and provide
54 recommendations through the Task Force model will enhance public engagement and provide
55 for targeted efforts that are most viable for City action;
56

57 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:
58

59 Section 1. HCC 2.76 is repealed.
60

61 Section 2. City Council shall consider creating Task Forces in accordance with the City
62 Council Operating Manual (per Resolution 19-051) in proactive response to timely issues of
63 concern to the community.
64

65 Section 3. Recommendations from the Planning Commission, Port & Harbor Advisory
66 Commission and the Park, Arts, Recreation and Culture Advisory Commission should include
67 any relevant economic development nexus information for City Council review.
68

69 Section 4. The Mayor shall appoint a member of the Homer Business Community to
70 fill the City of Homer seat on the KPEDD Board of Directors who shall report to the City
71 Council on a quarterly basis.
72

73 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this __ day of _____, 2019.
74

75
76 CITY OF HOMER
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79 _____
80 KEN CASTNER, MAYOR
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82 ATTEST:

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MELISSA JACOBSEN, MMC, CITY CLERK

Introduction:
Public Hearing:
Second Reading:
Effective Date:

Ayes:
Noes:
Abstain:
Absent:

Reviewed and approved as to form:

Mary K. Koester, City Manager

Date: _____

Michael Gatti, Attorney

Date: _____



City of Homer

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Office of the City Manager

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Memorandum

TO: Mayor Castner and Homer City Council
FROM: Katie Koester, City Manager
DATE: September 4, 2019
SUBJECT: September 9 City Manager Report

City of Homer Water System Receives Ursa Minor Status from State of Alaska

Superintendent Cook received notice in August that the City of Homer Water System achieved Ursa Minor status in Water System Excellence for 2018 due to the outstanding work done to maintain compliance with operating training, certification, and drinking water program regulations. This recognition reflects the City of Homer Water Treatment staff's commitment to quality and the pride they take in their work. Superintendent Cook already has his sights set on the City attaining Ursa Major status next year.

PWSRCAC Solicits Input from Communities on Project Planning

The Prince William Sound Regional Citizens Advisory Council (PWSRCAC) sent the attached correspondence soliciting input from member communities on projects that support their mission of promoting the environmentally safe operation of the Valdez Marine Terminal and associated tankers. As part of this effort, the PWSRCAC Board of Directors will be working to update the strategic plan for the next 5 years. If members have input on new projects they would like to make PWSRCAC aware of, please discuss the idea at the regular meeting and I will work on filling out the new project template before the September 20th deadline.

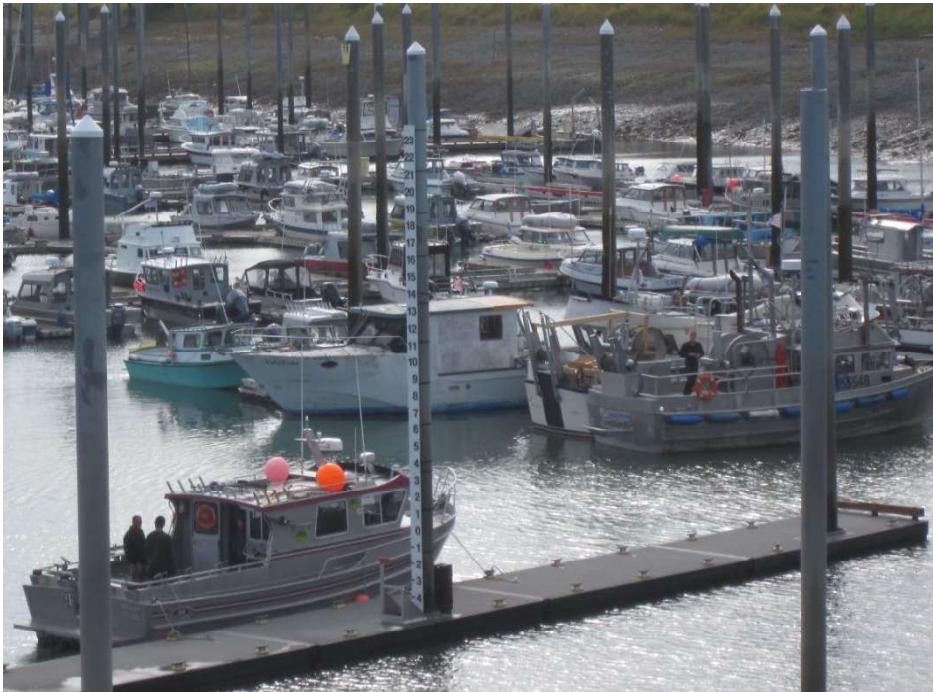
50 years of Kachemak Bay State Park

I met with Friends of Kachemak Bay State Parks board member Robert Archibald to discuss how the City could recognize and celebrate the 50 year anniversary of the largest state park in Alaska. There is a celebration planned for May 9th to commemorate the official creation of Kachemak Bay State Park, but the group would also like to display banners recognizing the anniversary. This may be a good time to look at directing PARCAC to work on new banners (some could be themed around the park) pending Council approval of a project, especially since the City's summer, winter and holiday banners are in disrepair.

Industry Appreciation Day Honors Former Mayor Zak

On August 24th in Kenai, Mayor Castner and I had the opportunity to attend Industry Appreciation Day, a community picnic and informational event hosted by the Kenai Peninsula Economic Development District (KPEDD) and City of Kenai. This event celebrates the industries and companies that define the economy of the Kenai Peninsula: oil and gas, commercial fishing, tourism, and health care. The event is free and draws around 3,000 people every year. This year was extra special as Former City of Homer Mayor Bryan Zak was awarded the Spirit of Industry Appreciation Day Award for his multifaceted work on behalf of local business

both as Mayor, a small business owner, and with the Small Businesses Development Center. Seldovia Village Tribe Health and Wellness was also recognized for Outstanding Business in Health Care.



Tide Gauge at the Load and Launch Ramp

Port Maintenance staff are completing the installation of a tide gauge at the Load and Launch ramp, second pile from the end of the outer float. A tide gauge is a long ruler attached to a piling that is calibrated to show the water level (real time) in the harbor. The gauge is visible through all stages of the tide. Staff will be working to match the tide gauge with the actual tide level published by NOAA for the Homer harbor. Harbormaster Hawkins sees the tide gauge as being a useful tool for staff,

educational for the public, and a great reference tool in case of a tsunami evacuation situation. Prior to any tsunami event, there is always an extreme change in the water level. The question everyone will be wanting to know is “has the water level dropped?” To answer this question, Harbor staff and Police Dispatch can look at the tide gauge using the Load and Launch ramp camera to zoom in on the gauge reading. At some point, the City may want to build an informational sign to mount in the overview station above the ramp to share information about the tides in Kachemak Bay. Port and Harbor staff tell boaters all the time “it’s all about the tides in Kachemak Bay,” so this simple tool helps make that point clearer.

Peninsula Manager’s Meeting

On August 23rd, I traveled to Kenai to meet with fellow Peninsula City Managers and discuss regional issues. We were scheduled to meet in Seward since the last meeting was hosted by Homer, but the fires and road closures kept us on the south side of the fire. Topics covered included area capital projects, managing a leadership team, Borough issues impacting municipalities, spruce bark beetle mitigation, regional and local tourism marketing, and the upcoming census. We had a special meeting with Economic Development Administration specialist Shirley Kelly on disaster funding following the November 2018 earthquake and how the communities can align regionally to improve communication and other disaster preparedness measures. I will be participating in a follow up teleconference to keep exploring this topic. The more Peninsula communities can work together towards common goals, the more opportunities and efficiencies we will find. I always enjoy these quarterly meetings for the concrete takeaways and good ideas we can share. We noted that 3 of the 5 Peninsula Managers are graduates of the Kenai Peninsula Borough School Districts, which is one way municipalities are supporting Alaska Grown.

Alaska LNG Draft Environmental Impact Statement Open for Comment

The Alaska Gasline Development Stakeholders group is soliciting comments and support for the Alaska LNG Draft Environmental Impact Statement (EIS) that was released by the Federal Energy Regulatory Commission (FERC) in June. The deadline to comment is October 3, 2019 by 5:00 PM Eastern Time. This is part of a permitting process that began in September 2014, and will hopefully culminate with a final

authorization from FERC to be issued in June 2020, which would allow for the construction and operation of the Alaska LNG Project. Attached are talking points and key messages provided by the Stakeholders group to help inform comments to FERC on the draft EIS. This attachment also outlines how to submit comments. Following the close of the comment period, FERC will respond to comments and revise the draft EIS. Their schedule shows issuance of a final EIS in March 2020 with a determination on whether to approve the project along with issuance to construct and operate the project in June 2020. Public meetings on this project are detailed below:

Alaska Public Meetings

Nikiski – September 11, 2019 5:00 – 8:00 P.M. Nikiski Recreation Center, Mile 23.4 Kenai Spur Highway

Anchorage – Thursday, September 12, 2019 5:00 – 8:00 PM Dena’ina Center Khutna 1

Please let me know if Council would like to officially submit comments on behalf of the City to the FERC on this topic and I will schedule something for next Council meeting.

Workman’s Compensation

In the last City Manager’s report, I commented on the Borough’s success with reducing workman’s compensation claims as presented by Mayor Pierce at AML’s 2019 Summer Legislative Conference. Councilmember Smith has since asked about running a risk analysis report for the City. In December of 2018 we asked AMLJIA to do a 10 year loss analysis (letter attached). At that time, “foreign body in eye” was identified as a claim type higher than other similarly situated organizations and we instituted additional training measures and reminders to use personal protection equipment (PPE) as a result. We also discussed the importance of using ice cleats and I authorized departments to use their equipment budgets to purchase ice cleats for any employee who needs them. At the Port, this looks like a specialized work boot with retractable cleats however the City’s go-to is an inexpensive pair of cleats that easily slip over outdoor shoes. Since the December 2018 loss analysis when the City determined increased training in specific areas by certain departments could be beneficial, the City has had zero incidents resulting from inadequate PPE and the City’s claims for 2019 are low. If staff see a trend that shows either specific categories of claims or lack of PPE, that will be addressed with additional training. Staff already look at each claim individually and determines what, if any, measures will be taken to avoid this type of accident in the future. I have attached an analysis of the cost of City of Homer workman’s compensation claims, paid by AMLJIA as a point of information. I have also attached a chart that lists claims by type. The City institutes comprehensive safety training requirements for staff both when they are hired and on an annual basis depending on the type of work they do. Most of these courses are online and I would be happy to provide Councilmembers access to them. I am open to further direction from Council on how you would like to invest in the safety of our employees.

Direct and Indirect Vulnerabilities from the State of Alaska and Funding Cuts

During last week’s Department Head meeting, I asked Leadership to brainstorm on ways the City’s budget is directly and indirectly vulnerable to impacts from the State. Governor Dunleavy has stated there will be two more years of budget cuts, so as the City moves into a biennial budget, we all need to be ready for how City of Homer could be directly impacted by those upcoming measures.

Enc:

Letter of Congratulations from ADEC for Ursa Minor Status of City of Homer Water System
PWSRCAC Project Planning Request Letter

Alaska LNG Project Draft Environmental Impact Statement Talking Points to Consider and Key Messages
Direct and Indirect Vulnerabilities from the State of Alaska and Funding Cuts



THE STATE
of ALASKA

GOVERNOR MICHAEL J. DUNLEAVY

Department of Environmental
Conservation

DIVISION OF WATER
Operator Training & Certification Program

P.O. Box 111800
Juneau, Alaska 99811
Main: 907.465.1139
Fax: 907.465.5177
dec.opcert@alaska.gov

August 23, 2019

Todd Cook
City of Homer
3575 Heath Street
Homer, AK 99603

Dear Mr. Cook,

On behalf of the Department of Environmental Conservation (DEC) we want to congratulate the City of Homer Water System (PWSID 240456) on achieving Ursa Minor status in Water System Excellence for 2018! The work your system has done to be in compliance with Operator Training & Certification and Drinking Water Program regulations has not gone unnoticed.

The Water System Excellence award program is new this year and is a coordinated effort on the parts of Operator Training & Certification and the Drinking Water Program.

Water System Excellence is comprised of two tiers, Ursa Major and Ursa Minor. Both the Water Treatment and Water Distribution systems are evaluated.

Ursa Major: System(s) maintained 4 quarters of Operator Training & Certification compliance and incurred no Drinking Water violations during the year.

Ursa Minor level: System(s) maintained either 4 quarters of Operator Training & Certification compliance and incurred only 1 Drinking Water violation during the year, OR 3 quarters of Operator Training & Certification compliance and incurred no Drinking Water violations during the year.

While DEC focuses on assisting system owners and operators with achieving and maintaining compliance, the responsibility for complying with the regulations lies with the system. Your demonstrated expertise and dedication to safety and health is a great benefit to your community.

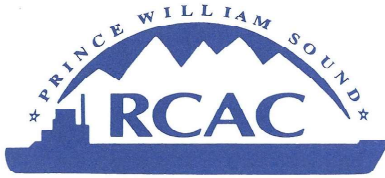
Thank you for your ongoing efforts to provide safe drinking water to those served by your water system.

Sincerely,

Cindy Christian
Drinking Water Program Manager

&

Martin Suzuki
Acting Operator Certification Program Manager



Regional Citizens' Advisory Council / "Citizens promoting environmentally safe operation of the Alyeska terminal and associated tankers."

In Anchorage: 3709 Spenard Road / Suite 100 / Anchorage, Alaska 99503 / (907) 277-7222 / FAX (907) 277-4523
In Valdez: P.O. Box 3089 / 130 South Meals / Suite 202 / Valdez, Alaska 99686 / (907) 834-5000 / FAX (907) 835-5926

MEMBERS

August 29, 2019

Alaska State
Chamber of Commerce

Ken Castner
City of Homer
491 Pioneer Ave
Homer, AK 99603

mayor@ci.homer.ak.us; citymanager@cityofhomer-ak.gov

Chugach Alaska
Corporation

SUBJECT: PWSRCAC Project Planning Request - Due Date September 20, 2019

City of Cordova

Dear MayorCastner;

City of Homer

The Prince William Sound Regional Citizens' Advisory Council (PWSRCAC) is seeking your ideas on projects that support our mission of promoting environmentally safe operation of the Valdez Marine Terminal and associated tankers. PWSRCAC is an independent non-profit corporation whose work is guided by the Oil Pollution Act of 1990 and our contract with Alyeska Pipeline Service Company. Our mandate includes but is not limited to:

City of Kodiak

City of Seldovia

City of Seward

- monitoring the environmental impacts of the terminal facilities and the tankers that use them;
- reviewing respective oil spill prevention and response contingency plans;
- monitoring drills and exercises;
- studying wind, water currents and other environmental factors;
- reviewing new technological developments or changed circumstances;
- broadly representing our constituents in the region affected by the Exxon Valdez oil spill of 1989; and,
- providing advice and recommendations to industry and regulators on any findings coming from the above-mentioned tasks.

City of Valdez

City of Whittier

Community of
Chenega Bay

Community of
Tatitlek

Cordova District
Fishermen United

The PWSRCAC Board of Directors has adopted a Strategic Plan intended to provide a five-year framework to guide the development of our annual work plan and budget. This plan builds upon the extensive foundations and work that we have accomplished over the past 30 years. Past work and research products can be found here:

<http://www.pwsrcac.org/programs/>.

Kenai Peninsula
Borough

Kodiak Island
Borough

There are many avenues in which we strive to achieve our mission. One is to foster partnerships and collaboration among industry, government agencies and citizens. We have learned that such partnerships and collaborations lead to good policies, better response capabilities, safer transportation of oil, and improved environmental protection.

Kodiak Village Mayors
Association

Oil Spill Region
Environmental
Coalition

Our Board of Directors is working to update the Strategic Plan to cover the years 2020 through 2025 and we invite your suggestions for projects that would support our mission. **Please submit suggestions no later than September 20, 2019.** Please provide the following information for any proposed projects:

Port Graham
Corporation

Prince William Sound
Aquaculture
Corporation

- 1) Project name and brief description;
- 2) Why the new project is important to our organization, mission and/or our constituents;

- 3) What would be accomplished as a result of successfully completing the new project;
- 4) The probability of successfully completing the new project; and
- 5) Estimated cost.

A new project briefing template is attached to help you through this process for submitting conceptual, idea-based projects. If your proposal involves a more complex, data-driven project, we will need the additional information contained in the attached new project proposal template. Also attached is a contact list of our staff along with a brief description of the work of our five technical committees. You are encouraged to contact staff if you have questions about how your new project might support our organization, mission and constituents, or if you have any other questions regarding this process.

Our technical committees and the Board of Directors will evaluate current projects and proposed new projects based on the above criteria, and a five-year project schedule will be developed. We appreciate you taking the time to provide suggestions to help us achieve our goals on behalf of the citizens we represent. Joint projects help to generate a cooperative spirit of shared problem solving, leading to common ground and continuous improvements in the safety of oil transportation. Please do not hesitate to contact me if you have any questions regarding this request. Thank you, in advance, for providing your ideas and suggestions.

Sincerely,


Donna Schantz
Executive Director

Cc: Robert Archibald

Enclosures:

- a) New Project Briefing Template
- b) New Project Proposal Template
- c) PWSRCAC Staff Contact List

Alaska LNG Project Draft Environmental Impact Statement

Points to Consider and Key Messages

Points to consider in providing comments:

- Support the recommendation that the Alaska LNG Project, as proposed by the Alaska Gasline Development Corporation, in Nikiski, Alaska be selected as the preferred alternative for the siting of the LNG plant and marine terminal.
- In Alaska the project will reduce greenhouse gas emissions through the use of natural gas versus burning of wood and coal.
- Through potential sales of natural gas to Asian countries this will reduce greenhouse gas and provide a cleaner energy source to a significant portion of the total world population. Asia population is equivalent to 59.76% of the total world population.
- The DEIS states project construction would result in economic benefits throughout Alaska from worker spending, purchases of materials, supplies and taxes.
- Support the recommendation and the interest expressed by the National Park Service (NPS) and Environmental Protection Agency to install an interconnection to provide natural gas deliveries to Denali National Park and Preserve (DNPP) and the Denali Borough. NPS will convert existing operations and bus fleet to natural gas thereby reducing air emissions within DNPP.
- Construction of a gas pipeline will supply Alaskans with gas and improve air quality.
- The project will provide Alaskans and Alaska companies with economic opportunities.
- The DEIS finds that with the implementation of best management practices, impacts to wildlife will not be significant.
- The DEIS notes impacts to recreation areas during construction would be temporary and minor.
- DEIS finds the extent of impacts to subsistence activities would vary by community but overall the impacts would be not be significant.
- The DEIS concludes most project impacts would not be significant and would be reduced to minor impacts with the implementation of proposed avoidance, minimization and mitigation measures.
- AGDC has responded to public concerns surrounding the development of the gas pipeline and liquifaction facilities.
- AGDC's in water activities will follow mitigation measures to minimize impacts to marine mammals and their behavior developed in conjunction with stakeholders, National Marine Fisheries Service and U.S. Fish and Wildlife Service.
- Establishment of Local Subsistence Implementation Councils to identify community issues and concerns will help to ensure impacts to subsistence activities are minimal.

Employment

- Construction jobs – Total over eight years equals 29,100 with the peak employment during the project's 4th year at 7,620 jobs. (Table 4.11.2-5, page 4-606)

- Operations jobs – 980 with jobs concentrated in the Kenai Peninsula Borough, Municipality of Anchorage and North Slope Borough. Gas treatment plant employing 170 personnel; Mainline pipeline, compressor and meter stations employing 225 workers; the Liquefaction Plant employing 240 workers in Nikiski with 345 personnel for operation and maintenance in Anchorage. Projected total annual wages \$385 million. (page 4-599, page 4-605)
- Increased employment opportunities in most industries with particular growth expected in the oil and gas, mining support services, construction, transportation, professional, scientific and technical services. (page 4-604)

Gas for Alaskans

- In state delivery of natural gas will improve air quality conditions throughout the state. (Air Quality, Volume 3, page 4-877)
- Connection to the Interior Gas Utility will provide assurance of a long-term, economic energy supply for Fairbanks and North Pole residents, commercial and industrial users.
- The potential for smaller communities along the pipeline to bring affordable, reliable natural gas to residential, commercial and industrial users.
- Interconnection of the main gas pipeline to the existing Southcentral pipeline infrastructure/network will provide assurance of long-term, economic energy supplies for residential, commercial and industrial users.
- Additional in-state natural gas to support new resource development projects.

Value Add to Alaska Economy

- \$7.1 billion of materials and services will be purchased in Alaska. (Table 4.11.2-4, page 4-602, page 4-605)
- Alaska LNG Project will create jobs and provide significant economic opportunity for businesses currently operating in Alaska. Trucking, marine pilots, tug operators, construction companies, equipment suppliers along with hotels, car rental and in state air carriers. (page 4-604)
- The Alaska Railroad would realize significant economic opportunity in transportation of project related supplies from the Port of Seward to Fairbanks. (page 4-658, pages 4-674 to 4-675)
- Ports in Southcentral Alaska – Seward, Whittier, Anchorage, Beluga, and Nikiski – will see increased revenues and new jobs as the primary points of entry for offloading equipment and materials. (page 4-660, pages 4-663 to 4-666, pages 4-676 to 4-680)
- Dutch Harbor will serve as the staging area for major sealift modules providing the community with economic benefits. (page 4-662, page 4-667)

General

- Liquefaction Facility will be located in an area that has served as an industrial area for the past 50+ years.
- Gas pipeline will follow existing the Trans-Alaska Pipeline corridor and the George Parks Highway Right-of-Way. From Prudhoe Bay to Beluga, the pipeline route is the same one permitted by the U.S. Army Corps of Engineers, in June 2019, for Alaska Stand Alone Pipeline (ASAP). (TAPS 2-59)

Where to provide public testimony

FERC will be holding eight community meetings around the state the week of September 9, 2019. BLM will hold public hearings and solicit public testimony at these eight meetings plus two additionally meetings in communities that could be affected. A complete list of the location of the public meetings is at www.alaska-Ing.com.

How can I offer comments on the Draft Environmental Impact Statement?

To be properly recorded, FERC asks you carefully follow these instructions:

1. File your comments electronically using the eComment feature on the Commission's website (www.ferc.gov) under the link to Documents and Filings. This is an easy method for submitting text only comments.
2. File your comments electronically using the eFiling feature on the Commission's website (www.ferc.gov) under the link to Documents and Filings. With eFiling, you can provide comments in a variety of formats by attaching them as a file with your submission. New eFiling users must first create an account by clicking on "eRegister. If you are filing a comment on a particular project, please select "Comment on a Filing" as the filing type.
3. File a paper copy of your comments by mailing them to the following address. Be sure to reference the Project docket number (CP17-178-000) with your submission: Kimberly D. Bose, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Room 1A, Washington, D.C. 20426.
4. In lieu of sending written or electronic comments, attend one of the eight public comment meetings being held around Alaska.

Direct and Indirect Vulnerabilities from the State of Alaska and Funding Cuts

September 4th, 2019

Prepared by Katie Koester, City Manager

Direct Vulnerabilities

Airport

- State could continue to increase the base lease amount for the land underneath the Terminal. 2019 amount is \$27,000 which is scheduled to increase to at least \$35,000 by 2022 and beyond.
- State could close the Homer Airport, which would force the City to look into management of the tarmac and associated operations.

Fire

- State could discontinue Code Blue grant funding. The Code Blue Project was started in 1999 in an effort to identify, prioritize and seek funding for essential equipment for rural emergency medical services in Alaska. Our most recent award from Code Blue helped pay for the ambulance.

Library

- State could cancel the Public Libraries Assistance Grant, which has a value of \$7,000.
- State (Alaska Library Network) could discontinue database subscriptions the City needs, transferring a \$500-\$5,000 expense to the City.
- State could reduce CE grants, which total \$1,250-\$2,500.
- State could reduce or cancel the OWL network and Live Homework Help.

Port& Harbor

- State could discontinue Municipal Harbor Grant. This program was created to provide a 50/50 matching grant to assist municipalities with the continued maintenance and cost burdens associated with harbors.

Police

- State could discontinue the Special Services contract that provides logistical support to the troopers, which has a value of \$36,000.
- State could discontinue funding maintenance of Alaska's Land Mobile Radio System (ALMR) with a \$25-40,000 expense passed on to the City.
- State has discontinued contributing towards Police Office Academy training, this increased our 2019 training expenses by \$13,000 expense. Previously, all academy training costs were covered by the Alaska Police Standards Council.
- State could discontinue or alter the Community Jail Contract, which currently provides the City \$450,000.

Public Works

- State could take back over winter maintenance of Pioneer Avenue. We currently receive \$34,000 from DOT and provide a much higher level of service to our downtown businesses that DOT would be able to.
- State could increase the cost of permits and fees.

City-wide

- State could decrease PERS on behalf payments (1%=60,000).
- Future funding for Community Assistance Program is in question. The amount for 2019 is down from 2018 at \$168,000.

Indirect Vulnerabilities

Fire

- State could stop performing fire investigations.
- State could stop responding to fire marshal complaints/improper treatment leaving enforcement to local municipalities.

Library

- State cuts to school funding could increase the school district's reliance on the Library to offer educational opportunities and services such as afterschool or during-school programs.

Public Works

- State could pressure the City to take over State-maintained roads.

Port and Harbor

- State could reduce Alaska Marine Highway ferry service to Homer. This would negatively impact residents' transportation needs and Homer's tourism economy.
- Concerns regarding the priority of maintaining Homer Spit Road fall in the face of mounting and expensive erosion issues.

City-wide

- Impact on the local economy of economic uncertainty, reduced investment, closure of public facilities/services.
- City staff interact daily with State employees and need their cooperation and assistance to do their jobs. As State departments decrease capacity, routine tasks can become more difficult and time consuming.

MEMORANDUM

DATE: December 21, 2018
TO: Katie Koester, City Manager
FROM: Tony Blodgett, CSP, Risk Control Specialist 
SUBJECT: Loss Analysis (Fiscal Years 2009-2019)

The Alaska Municipal League Joint Insurance Association (AMLJIA) was asked to look into loss trends that may negatively affect the City of Homer (City). I had the opportunity to speak with you to develop parameters for the analysis. During my analysis, I identified a possible trend. Generally, though because the City's incidents within the data pool were few compared to the average of the pool as a whole, I was unable to definitively identify any other trends.

I looked back 10 fiscal years for a combined total and percentage, with a focus on Major Cause Categories to identify possible trends. During the analysis, there were three Major Cause Categories that were viewed as possible areas the city should continue to focus its efforts, "Strain or injured by," "Miscellaneous (Foreign Body in Eye)" and "Falls, Slips, and Trips."

The City accounts for 2.4% of the pool's payroll. Comparing your losses, in the "Strain or Injured by" category, there were 17 (1.8% of pool) compared to 912 total incidents. In the "Fall, Slip or Trip" category, there were 15 (1.3% of pool) compared to 1,091 total incidents. Lastly, the city experienced six (17% of pool) in the "Foreign Body in Eye" category compared to 35 total incidents. The majority of these incidents occurred primarily in the public works department and harbor and port operations. I will discuss this finding further.

As I alluded to above, objectively, the data shows no specific trends for the City of Homer when compared to the entire pool, however, the indicated percentage of "Foreign Body in Eye," is concerning. You may want to suggest that public works and harbor employees wear personal protective equipment (safety glasses). While the City may have had streak of bad luck in the eye department, it is enough of an anomaly to warrant further attention and comment. Under the current workers' compensation schedule, loss of an eye would cost at least the minimum of 25 percent of the whole person or \$44,250. That's not to mention the hardships for the employee. Loss of both eyes would be considerably worse.

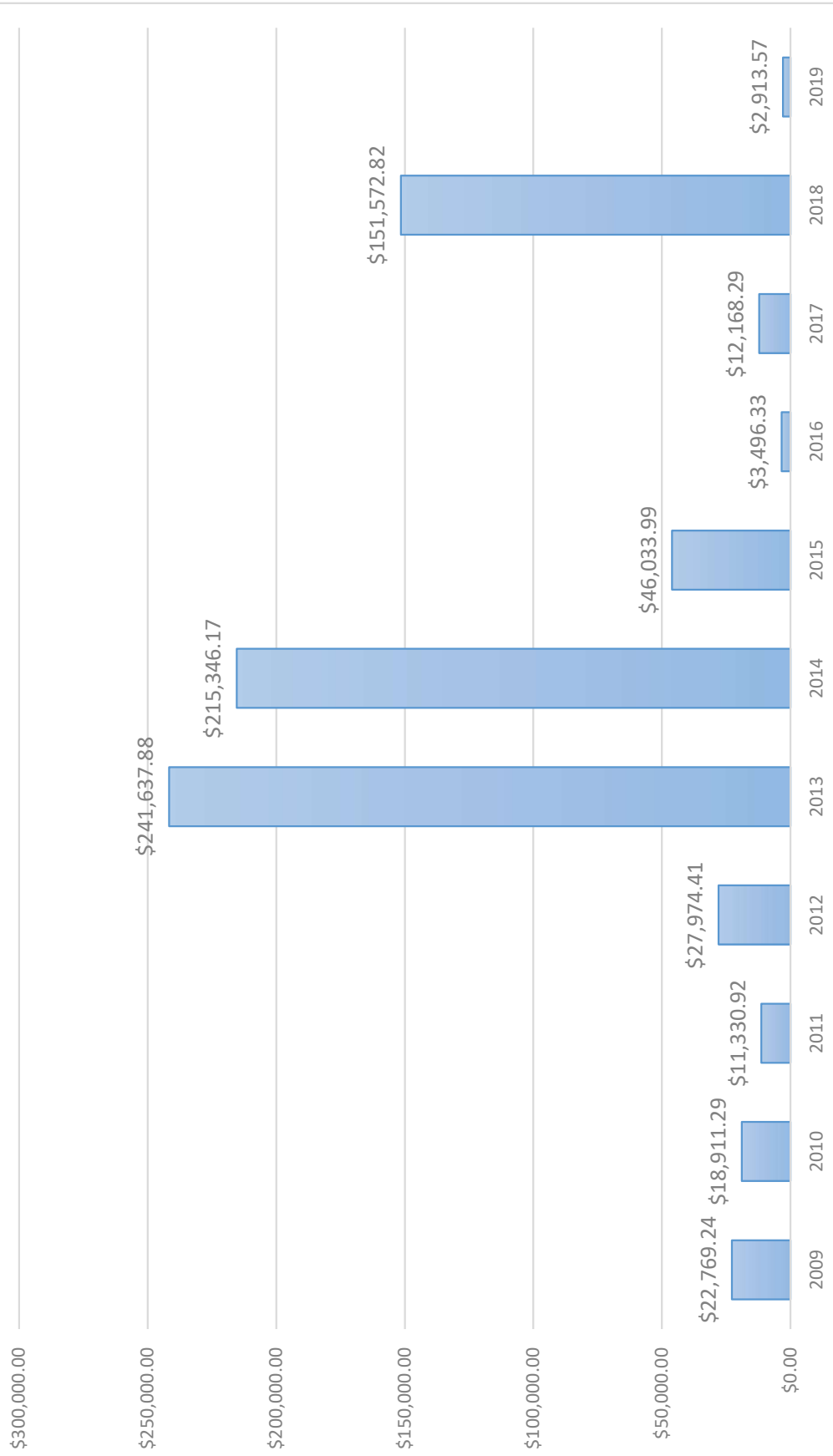
I recommend that you and city officials, department heads, supervisors, and individual employees continue to keep safety and risk management at the forefront of your thoughts when conducting your work or job tasks. Although there are no trends, a singular accident, such as the loss of vision or body part cannot only have substantial direct costs (workers' compensation costs or medical bills), but can also have indirect costs (loss of morale, stress, inability of other employee affected by incident to focus on tasks, etc.). I congratulate you and the City on your proactive interest in protecting your employees and the City's finances.

If there are any questions regarding this report, please contact me at (800) 337-3682.

Total injuries per category from 2009-2020

Description	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Burns			1		1	1	1		2			6
Caught Under or Between something										1		1
FRACTURE/DISLOCATE	1											1
Injured During Training	1					1						2
FOREIGN BODY IN EYE/POKE/SCRATCH	1	1				1		1	1		1	7
EXIT/ENTER		1										1
SLIPPED/TRIPPED DID NOT FALL		1										1
XXBITE/SCRATCH BY ANIMAL OR INSECT			1									1
NEEDLE STICK			1									1
EXPOSURE TO CHEMICALS/GASES/FUMES			1		1							2
MENTAL STRESS				1								1
INJURED TRYING TO CONTROL PERSON					2							2
MOTOR VEHICLE ACCIDENT					1	3				1		5
Cut, Laceration, Scrape Injured By	1		1		1			2	1	1	1	8
Fall or Trip	2	2	2	1	2	1	2		1			13
Absorption, Ingestion or Inhalation, NOC	1											1
Rubbed or Abraded BY				1								1
Strain or Injury	6	4	2	1	1	3	2		3	3	4	2 31
Striking Against or Stepping On		1							1	1		3
Struck Or Injured By		1		1				1	1	2	1	7
Unknown/not provided							1					1
Total injuries for the year	13	11	9	5	9	10	6	4	10	9	7	3

City of Homer Workman's Comp Costs, FY 2009-2019





95 Sterling Highway, Suite 2, Homer, Alaska 99603

A non-profit organization dedicated to enhancing, preserving and protecting the resources of Kachemak Bay State Park.

Dear Katie Koester,
City Manager
City of Homer Alaska

Kachemak Bay State Park will be 50 years old on May 9 2020.

Alaska State Parks and Friends of Kachemak Bay State Park would like to celebrate this occasion with several special events that will focus on the “Jewel of Kachemak Bay.

Friends of Kachemak Bay State Park would like to invite the City of Homer to recognize the anniversary of the park. This could be done in a variety of ways.

We propose having two banners made which would identify the park and its 50-year anniversary. These would be the same size and shape that hang on light standards on Pioneer Ave.

We propose the City of Homer proclaim the year after May 9, 2020 as the year of Kachemak Bay State Park. The Month of May would be acceptable however the year seems more apropos.

We are planning a public celebration on May 9, 2020 that would include a barbeque with speakers talking to the history of the park. This is still in the planning stage and we are reaching out to anyone who was instrumental in the development of the park as guest speakers.

We are planning a fun, engaging afternoon for Homer and there is time to entertain any ideas the city may have.

Friends of Kachemak Bay State Park and its Anniversary Committee will keep you informed as to plans as we move forward.

Respectfully,

Robert Archibald

Board Member

Friends of Kachemak Bay State Park



City of Homer

www.cityofhomer-ak.gov

Office of the City Manager

491 East Pioneer Avenue
Homer, Alaska 99603

citymanager@cityofhomer-ak.gov

(p) 907-235-8121 x2222

(f) 907-235-3148

Memorandum

TO: Mayor Castner and Homer City Council
FROM: Katie Koester, City Manager
DATE: September 18, 2019
SUBJECT: City Manager Report for September 23

HVFD Hiring Update

HVFD has been advertising for two Assistant Chief positions: Emergency Medical Services (EMS) and Fire Operations. HVFD received over 15 applications for the Assistant Chief of Fire operations. Three candidates were interviewed and all of them presented with good credentials and impressive resumes that would have served the department well. Chief Kirko was fortunate to have the opportunity to closely work with one of the candidates to get a better insight in to what they could offer the City and fire Department. It is with great pleasure to announce the promotion of Dan Miotke to position of Assistant Chief. Please congratulate and thank Assistant Chief Moitke for stepping up to serve his community in this leadership capacity when you see him.

Interviews for the EMS Assistant Chief will commence at the end of the month with the goal of final section by the end of November. The interview process is rigorous and takes some time as we ask a lot of the candidates to ensure a good fit.

Homer Spit Land Donation from The Nature Conservancy (TNC)

In May 2001, former Mayor Cushing requested The Nature Conservancy (TNC) purchase the Sprague Resources Corporation's 2.62 acre parcel located on the western (seaward) side of the Homer Spit as part of the City's Capital Improvement Program (CIP). According to the letter written by Mayor Cushing, "*the purchase of Spit property has been a long standing goal, approved by the Council, and is within our current CIP. This program states in part, 'the intent is to preserve the natural ecosystem and protect future ecotourism activities that are emerging as a major industry in Homer...In order to protect this valuable resource, it is necessary for the public to acquire the property.'*" This summer, staff received a letter from TNC wishing to finish Mayor Cushing's request by transferring the property at no cost to the City of Homer. This acquisition is of great benefit to the Homer community, further protecting the beautiful view sheds and recreational opportunities on the Spit while also, as said by Mayor Cushing, "helping to assure balanced development for generations to come." Staff will continue to work with TNC to acquire the space, which will continue its current use as open public recreation space and bring an Ordinance to City Council per HCC 18.06, Municipal Property Acquisition.

Enc:

September Employee Anniversaries
TNC City of Homer Land Donation letter
Statutory Warranty Deed



City of Homer

www.cityofhomer-ak.gov

Office of the City Manager

491 East Pioneer Avenue
Homer, Alaska 99603

citymanager@cityofhomer-ak.gov

(p) 907-235-8121 x2222

(f) 907-235-3148

Memorandum

TO: Mayor Castner and Homer City Council
FROM: Katie Koester
DATE: September 23, 2019
SUBJECT: September Employee Anniversaries

I would like to take the time to thank the following employees for the dedication, commitment and service they have provided the City and taxpayers of Homer over the years.

Aaron Glidden,	Port	15	Years
Ryan Browning,	Police	9	Years
Mike Lowe,	Port	8	Years
Nick Poolos,	Admin	8	Years
Tracie Whitaker,	Police	5	Years
Lisa Linegar,	Police	4	Years
Tamara Fletcher,	Port	3	Years



The Nature Conservancy in Alaska
715 L Street, Suite 100
Anchorage, AK 99501

tel [907] 276-3133
fax [907] 276-2584
nature.org/alaska

July 30, 2019

Katie Koester
City Manager
City of Homer, Alaska
491 E. Pioneer Avenue
Homer, Alaska 99603

Dear Ms. Koester,

In 2001, The Nature Conservancy (TNC) purchased a 2.62-acre parcel on the western (seaward) side of the Homer Spit from Sprague Resources Corporation, a Seattle, Washington-based realty firm. At that time, TNC and the City of Homer collaborated to transfer ownership of this parcel to the City of Homer as part of the 2001 City of Homer Capital Improvement Program. Our collective intent was to support preservation of natural ecologic processes and ecotourism on the Homer Spit, as indicated in the attached memorandum from former Mayor of Homer Jack Cushing dated May 14, 2001 (Attachment A). Our original intent for long term management of the parcel, which remains today, is to keep it in its natural state, preclude any further subdivision of the parcel itself and restrict development activities other than non-motorized recreation and wildlife viewing.

Time passed, administrations changed, and the transfer of ownership was postponed for many years. However, the importance of protecting erosion-prone intertidal areas on the Homer Spit is as critical now as it was in 2001, and TNC would like to complete this transaction by conveying the parcel to the City of Homer at no cost.

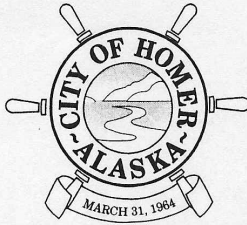
The Sprague Resources parcel (identified in Attachment B: Location Map) will add to seven contiguous parcels owned by the City of Homer on the western side of the Homer Spit and contribute to over 400 acres of city-owned lands on the Homer Spit.

After almost two decades, the Nature Conservancy is excited to complete this project. We understand that the City of Homer will need to pass an ordinance to accept the property. If there is anything TNC can do to assist you or your staff in this process, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "Adrianna Muir", with a long, sweeping horizontal line extending to the right.

Adrianna Muir, Ph.D.
Conservation Director
The Nature Conservancy, Alaska



Office of the Mayor
Jack Cushing

(907) 235-8121
Fax 235-3140

Homer City Hall 491 E. Pioneer Avenue • Homer, Alaska 99603-7624

May 14, 2001

Randy Hagenstein, Associate State Director
The Nature Conservancy, Alaska Chapter
421 W. 1st Ave.; Suite 200
Anchorage, AK 99501

SUBJECT: Sprague Resources Corporation property on Homer Spit

Dear Randy:

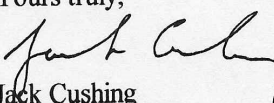
I am requesting that The Nature Conservancy acquire for the City of Homer approximately 2.62 acres located on the Homer Spit in Homer, Alaska, known as the Sprague Resources Corporation Tract. The purchase of Spit property has been a long standing goal, approved by the Council, and is within our current Capital Improvement Program (CIP). This program states in part, "The intent is to preserve the natural ecosystem and protect future eco-tourism activities that are emerging as a major industry in Homer. . . . In order to protect this valuable resource, it is necessary for the public to acquire the property."

This specific property is included in the area detailed by this CIP priority and is immediately adjacent to 100 plus acres the city has recently acquired or already owned, and designated for protection. It would be the City of Homer's intention to accept conveyance of this property from The Nature Conservancy and designate it similarly as part of the City's Conservation District. Acquisition of the property from the Conservancy is contingent upon final approval by the Homer City Council.

I understand that the Conservancy intends to purchase the property with funds from the North American Wetland Conservation Act grant and that the City will bear no expenses associated with purchase of the property from Sprague Resources Corporation or conveyance from the Conservancy to the City.

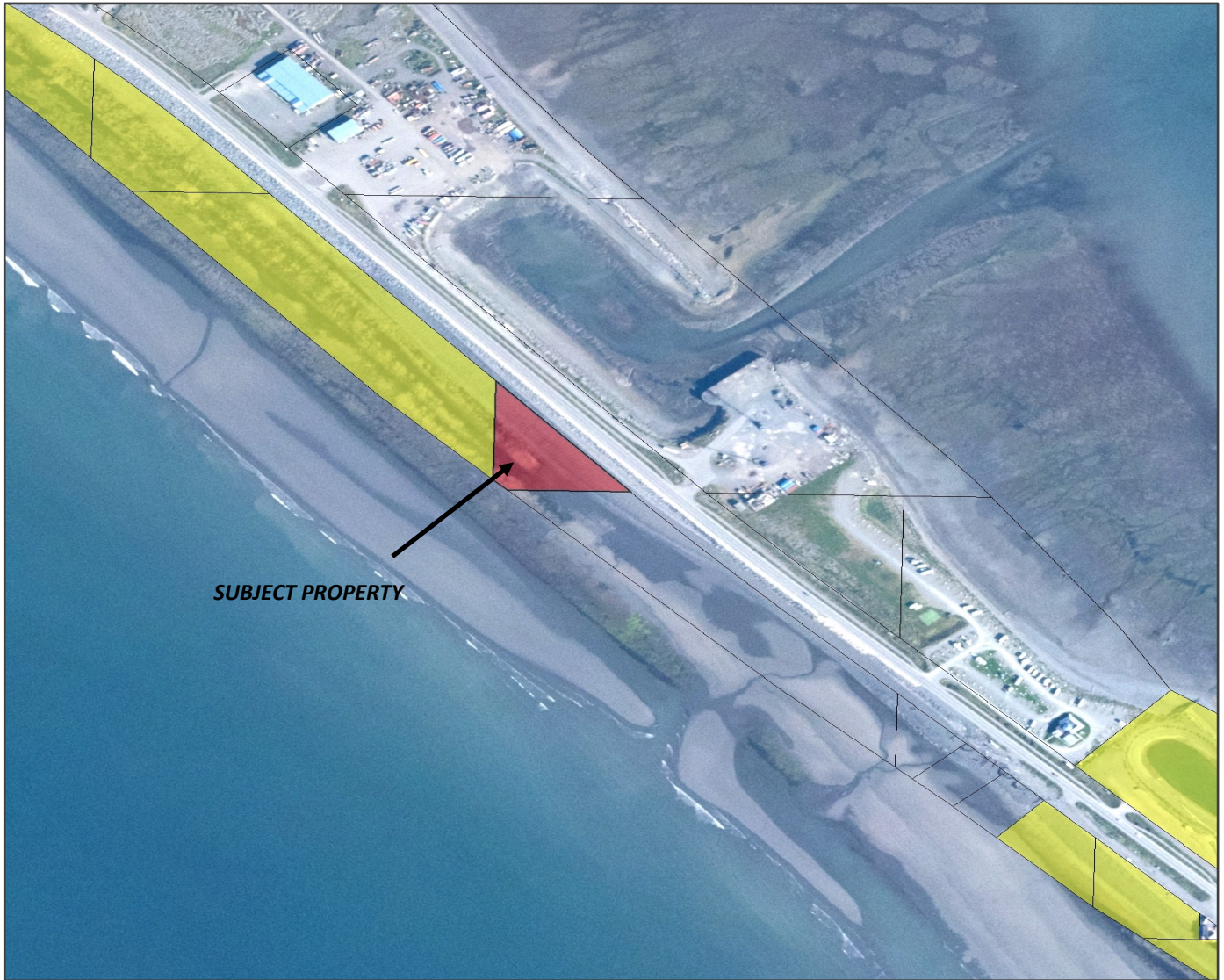
We appreciate the Conservancy's willingness to purchase the property and hold it prior to conveyance to the City of Homer and will work with your staff to ensure timely transfer of the property to the City. Thanks for your foresight in helping to assure balanced development for generations to come.

Yours truly,


Jack Cushing
Mayor, City of Homer

"WHERE THE LAND ENDS AND THE SEA BEGINS"

THE NATURE CONSERVANCY HOMER SPIT PARCEL



SUBJECT PROPERTY

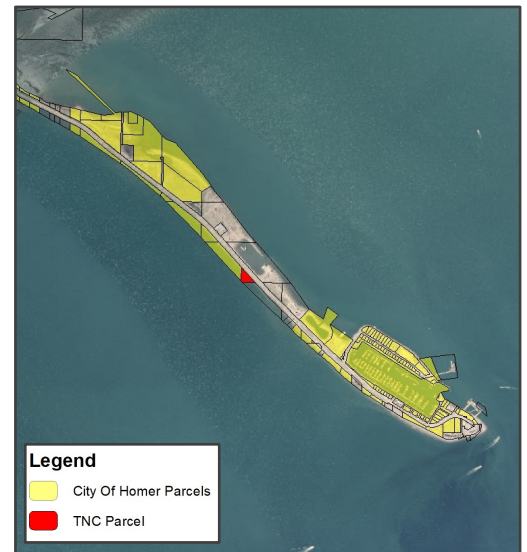
PARCEL INFORMATION

LEGAL DESCRIPTION: T 6S R 13W SEC 35 SEWARD MERIDIAN HM THAT PORTION OF GOVT LOT 3 LYING SOUTHWEST OF THE HOMER SPIT RD

KPB Parcel ID: 18103007

Area (Acres): 2.62

KPB Assessed Value (2018): \$4,000



Legend

- City Of Homer Parcels
- TNC Parcel



22252

BK 00314 PG 0768

RECORDING REQUESTED BY AND)	FOR REGULAR TAX NOTICES
WHEN RECORDED RETURN TO:)	The Nature Conservancy
The Nature Conservancy)	PO Box 3231
217 Pine Street, St 1100)	Homer, AK 99603
Seattle, WA 98101)	

Statutory Warranty Deed

The Grantor, SPRAGUE RESOURCES CORPORATION, A Washington Corporation, pursuant to *Sec. 34.15.030, Alaska Statutes, for and in consideration of the sum of Ten Dollars (\$10.00), lawful money of the United States of America, and other valuable consideration in hand paid, the receipt and sufficiency of which is hereby acknowledged, does hereby grant, convey and warrant to Grantee, THE NATURE CONSERVANCY, a District of Columbia non - profit corporation, the following described real property, together with all tenements, hereditaments and appurtenances located in the Kenai Peninsula Borough, State of Alaska:

That portion of Government Lot 3 lying southwest of the Homer Spit Road, Section 35, Township 6 South, Range 13 West, Seward Meridian, in the Homer Recording District, Third Judicial District, State of Alaska.

SUBJECT to:

1. Reservations and exceptions as contained in U.S. Patent, and/or in acts authorizing the issuance thereof:
2. Taxes due for the year and subsequent years.
3. Rights of the Public and or governmental agencies in and to that portion of said premises lying below the mean high water mark of Kachemak Bay and any questions of right of access to Kachemak Bay in the event said lands do not in fact abut the Kachemak Bay.
4. Any prohibition or limitation on the use, occupancy or improvement of the land resulting from the rights of the public or riparian owners to use any waters which may cover the land or to use any portion of the land which is now or may formerly have been covered by water.

TO HAVE AND TO HOLD the said property, with its appurtenances, unto the Grantee, its heirs and assigns forever.

BK 00314 PG 0769

Grantor covenants and warrants that he is lawfully seized and possessed of the real property aforesaid and has the full right, power and authority to execute this conveyance, and that said real property is free and clear of all liens, claims or encumbrances, except as shown above, and that he will defend the title to the real property conveyed herein and quiet enjoyment thereof against the lawful claims and demands of all persons.

DATED this 22 day of May, 2001.

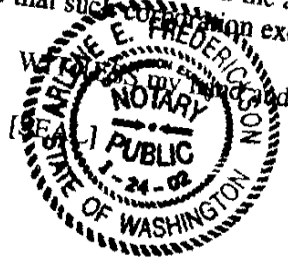
GRANTOR:

SPRAGUE RESOURCES CORPORATION, A Washington Corporation

By: [Signature]
GEORGE S. SCHUCHART, JR.
Its President

STATE OF WASHINGTON)
COUNTY OF KING) ss.
)

The foregoing instrument was acknowledged before me this 22ND day of MAY, 2001, by GEORGE S. SCHUCHART, JR., known or identified to me to be the PRESIDENT of the corporation that executed the above instrument on behalf of the corporation and acknowledged to me that such corporation executed the same.



Arelene E. Fredericksen
Notary Public

My Commission expires: 1-24-02

002248
RECORDER
RECORDING DISTRICT

2001 MAY 31 A 9:12
REQUESTED BY 1800
KBT

Economic Development Advisory Commission 2019 Meeting Calendar

MEETING	AGENDA DEADLINE	ANNUAL TOPICS/EVENTS
JANUARY 6:00 p.m. Tuesday, January 8	5:00 p.m. Wednesday, January 2	Land Allocation Plan Review
FEBRUARY 6:00 p.m. Tuesday, February 12	5:00 p.m. Wednesday, February 6	
MARCH 6:00 p.m. Tuesday, March 12	5:00 p.m. Wednesday, March 6	Appointment Renewals Due
APRIL 6:00 p.m. Tuesday, April 9	5:00 p.m. Wednesday, April 3	Terms Expire April 1 st Election of Chair & Vice Chair Review of Strategic Plan/Goals
MAY 6:00 p.m. Tuesday, May 14	5:00 p.m. Wednesday, May 8	
JUNE 6:00 p.m. Tuesday, June 11	5:00 p.m. Wednesday, June 5	City Budget Review/Develop Requests
JULY	No Meeting	
AUGUST 6:00 p.m. Tuesday, August 13	5:00 p.m. Wednesday, August 7	Capital Improvement Plan Review
SEPTEMBER 6:00 p.m. Tuesday, September 10	5:00 p.m. Wednesday, September 4	
OCTOBER 6:00 p.m. Tuesday, October 8	5:00 p.m. Wednesday, October 2	
NOVEMBER 6:00 p.m. Tuesday, November 12	5:00 p.m. Wednesday, November 6	Upcoming Year Schedule Review
DECEMBER	No Meeting	

**2019 HOMER CITY COUNCIL MEETINGS
ADVISORY COMMISSION/ BOARD ATTENDANCE**

Commissions are invited to report to the City Council at the Council’s regular meetings under Item 8 – Announcements/Presentations/Borough Report/Commission Reports. This is the Commission’s opportunity to give Council a brief update on their work. Generally the Commissioner who will be reporting will attend one of the two meetings for the month they are scheduled to attend.

The 2019 meeting dates for City Council is as follows:

January 14, 28	_____
February 11, 25	_____
March 11, 26*	_____
April 8, 22	_____
May 13, 28*	_____
June 10, 24	_____
July 22**	_____
August 12, 26	_____
September 9, 23	_____
October 14, 28	_____
November 25**	_____
December 9, 16****	_____

City Council’s Regular Committee of the Whole Meeting at 5:00 pm to no later than 5:50 pm prior to every Regular Meeting which are held the second and fourth Monday of each month at 6:00 pm.

*Tuesday meeting due to Memorial Day/Seward’s Day.

** There will be no first regular meeting in July or November.

***Council traditionally reschedules regular meetings that fall on holidays or high school graduation days, for the following Tuesday.

****Council traditionally cancels the last regular meeting in December and holds the first regular meeting and one to two special meetings as needed. Generally the second special meeting during the third week of December will not be held.