



**KENAI PENINSULA BOROUGH
GRANTS MANAGEMENT**

M E M O R A N D U M

TO: Mike Navarre, Mayor
FROM: Brenda Ahlberg, Community & Fiscal Projects Manager
DATE: 02 February 2017
SUBJECT: **FY17-2Q Non-department Grant Reports**

Attached are the FY17-2Q grant reports for non-departmental awards.

KPEDD – Kenai Peninsula Economic Development District

KPTMC – Kenai Peninsula Tourism Marketing Council

SBDC – Small Business Development Center



Alaska Small Business Development Center

SBDC UNIVERSITY of ALASKA ANCHORAGE

GRANTS
01/10/17
RECEIVED

January 1, 2017

Mayor Mike Navarre
Kenai Peninsula Borough
144 N. Binkley Street
Soldotna, AK 99669

Dear Mayor Navarre:

I'm pleased to offer the attached Alaska Small Business Development Center (SBDC) report for your review. Second quarter results from the Southwest Region are as follows:

- Total # of clients counseled: 79
- New clients counseled: 25
- New businesses: 1
- Jobs induced: 5
- Capital infusion: \$686,800

During the second quarter, the SBDC completed its fall conference, where advisors from each office in the state collaborated to make our services more efficient and effective. In addition, we submitted our Pacific Northwest Performance Excellence Award full application and will receive feedback that will assist us as we prepare for our summer of 2017 accreditation visit from the Association of Small Business Development Centers (ASBDC).

The strategic focus of the SBDC is on existing businesses that are looking to grow. In order to provide these businesses with the latest research and financial data, the SBDC gives clients access to industry reports from IBISWorld and financial analysis tools from ProfitCents. IBISWorld provides current reports specific to each industry, while ProfitCents compares business financials with hundreds of others in the same industry. IBISWorld and ProfitCents reports, a combined \$4,250 value, are available for no-cost through the SBDC, and have become very popular with clients.

Thank you for your ongoing support as we serve the business owners throughout the Kenai Peninsula.

Sincerely,

Clifford D. Cochran, MBA
Business Advisor, Southwest Region
43335 Kalifornsky Beach Road, Suite 12
Soldotna, AK 99669



Alaska Small Business
Development Center

UNIVERSITY of ALASKA ANCHORAGE

**Alaska Small Business Development Center - Southwest Region
43335 Kalifornsky Beach Rd., Suite 12
Soldotna, AK 99669
(907) 260-5629**

**Second Quarter Report
FY2017**

October 1, 2016 through December 31, 2016

**Presented to:
Kenai Peninsula Borough
Mayor Mike Navarre
144 North Binkley Street
Soldotna, AK 99669**

January 1, 2017

Our mission at the Alaska Small Business Development Center (SBDC) is to spark the amazing in Alaska - one idea, one business, one community at a time. Our hallmark service is no-cost, one-on-one, confidential business advising to meet each client's needs. An advising session may cover a myriad of topics related to business, including business plan development and review, financial projections, cash flow analysis, marketing, bookkeeping, loan packaging, licensing and permitting. During the second quarter of FY17, the SBDC completed its fall conference, where advisors from each office in the state collaborated to make our services more efficient and effective. Looking ahead for 2017, the Alaska SBDC will be increasing focus on preparing for accreditation from the U.S. Small Business Administration. Every five years, each SBDC office is carefully examined to ensure the highest quality service is provided to small businesses across the country.

The strategic focus of the SBDC is on existing businesses that are looking to grow. In order to provide these businesses with the latest research and financial data, the SBDC gives clients access to industry reports from IBISWorld and financial analysis tools from ProfitCents. IBISWorld researches over 700 industries in the United States and provides current reports specific to each industry. Reports include an industry overview, products and markets information, competitive landscape, operating conditions, and key statistics on the industry. These reports are updated every 6-12 months, and provide small businesses with the pulse of their industry. ProfitCents allows clients to evaluate their financial statements and determine areas of strength and weakness. SBDC advisors enter financial data into ProfitCents, which generates reports that compare the business to hundreds of others in the same industry. This empowers small business owners by comparing them to competitors and enables them to fine tune their financials. IBISWorld and ProfitCents reports, a combined \$4,250 value, are available for no-cost through the SBDC, and have become very popular with clients.

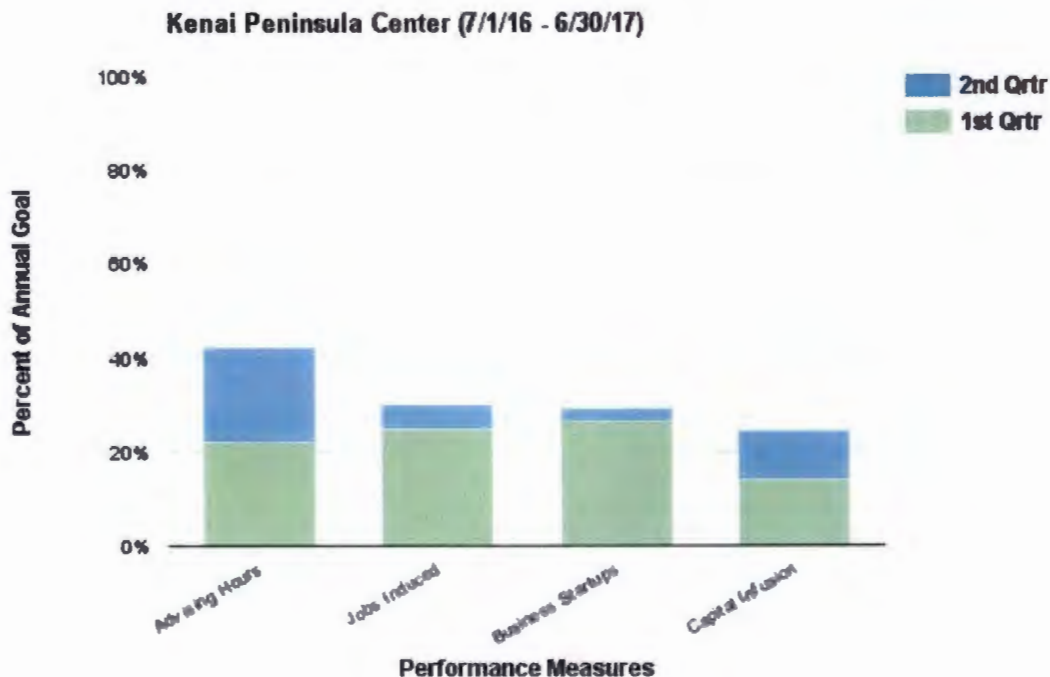
The SBDC has two full-time business advisors on the Kenai Peninsula. Bryan Zak is continuing to provide business advising services in Homer and surrounding communities, as well as Southwest Alaska. In October, Bryan was elected Mayor of Homer, a testament to his success advising the many small businesses in the area. Cliff Cochran provides business advising services in the Central Kenai Peninsula and Seward. In November, he completed a six month renovation of the SBDC office in the Red Diamond Center, which includes a workshop training room for 12 people. With two full-time business advisors on the Kenai Peninsula, we have noticed a surge in advising hours and long term clients.

The State SBDC office continues to provide centralized marketing of workshops, profiles of our most successful clients, and specific new opportunity developments, such as a focus on assistance to green energy related businesses. Metrics are kept that include social media connections, web page and video usage, as well as document downloads and workshop attendance. All metrics indicate a steady trend in our ability to reach and serve our clients. The state office also provides focused research to current and prospective business owners on a wide range of topics, including competitor information and market analysis. So far in FY17, this service has provided business owners on the Kenai Peninsula with 25 hours of research time focused on their unique concerns.

The regional results reported below represent the SBDC's Key Performance Indicators (KPI's), which are tied directly to our Key Performance Measures. In this second quarter of FY17, the Southwest Region added goals for our new business advisor and therefore the performance measures show higher goals and lower percentages achieved.

Performance Indicators and Progress To-Date

The regional SBDC performance measures for FY17 (7/01/2016 through 6/30/17) are listed below with progress for the year-to-date (YTD).



Number of Clients advised Current Quarter: 79

YTD: 125 unique clients

During the second quarter, 79 clients received advising assistance. This represents 297.83 hours spent with clients in the quarter. Of clients that are currently in business, 21% are women-owned businesses, 49% are male-owned and 30% have two or more owners. 67% of clients receiving assistance this quarter were already in business, which is the first quarter in which we have seen a significant jump in our strategic target of serving existing businesses.

Our no-cost, confidential advising is offered to all individuals seeking assistance. Due to the volume of requests for advising, the SBDC has segmented its clients into the following stages within the business lifecycle: Think, Launch, Grow, Reinvent and Exit. During the second quarter, 57% of clients advised were in the Think or Launch stages, while 43% were in the Grow, Reinvent or Exit stages. By understanding the stage of a client's business, both the client and the advisor work more efficiently and produce results more effectively.

In order to be considered a reportable advising session, the client's initial advising session must be no less than one hour with the business advisor. Follow-up advising sessions can be any length of time. Although the Business Advisor offers information and advice to clients on an ongoing regular basis via telephone, email or in person, only the reportable sessions are listed.

Jobs Induced**Current Quarter: 5****YTD: 30**

During the second quarter, 3 clients reported the induction of 5 new jobs within the construction, retail and waste management sectors.

Business Starts**Current Quarter: 1****YTD: 10**

An enterprise is considered "in-business" when all required licensing/permitting is acquired, has payroll, acquired debt or equity capital, incurred business expenses, and/or created sales. During the second quarter, clients reported the creation of 1 new business start in the waste management sector.

Capital Infusion**Current Quarter: \$686,800****YTD: \$1,565,300**

The SBDC tracks the amount of money infused into the region in the form of business loans and investments. Capital infusion includes all loans, lines of credit, and owner-investments (non-debt financing) which clients have contributed to their business.

This quarter, clients reported \$686,800 in capital infusion, to include the following:

SBA Loans: \$0

Non-SBA: \$360,500

Non-Debt Financing: \$326,300

Training Events & Attendees

Training events, in the form of workshops and classes, are available through the SBDC office. These trainings may be provided by the business advisor or other professionals. Many of our workshops remain offered through the SBDC office in Anchorage via webinar, are available to anyone with a computer, internet connection, and a phone line.

We anticipate many improvements over the next fiscal year for workshops, as we continue to transition to offering all of our core workshops via the web. It is our pleasure to keep you informed on new developments and technology that will better assist business start-ups and growth.

We appreciate your ongoing support of small businesses on the Kenai Peninsula.

I certify that to the best of my knowledge, the information contained herein is accurate and reflects the activities executed by the SBDC during the Second Quarter FY17.

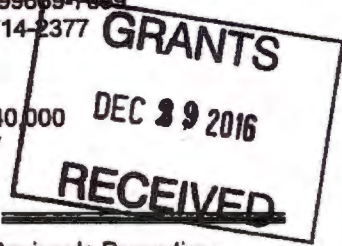


Clifford D. Cochran, MBA**January 1, 2017**



KENAI PENINSULA BOROUGH

144 North Binkley Street • Soldotna, Alaska 99669-7509
 PHONE: (907) 714-2153 • FAX: (907) 714-2377
 EMAIL: bahlberg@kpb.us



FROM: KPTMC
 KPB ACCOUNT: 100.94900.KPTMC.43021

Contract Amount: \$340,000
 Ending: June 30, 2017

Financial / Progress Report

Submit Report To: Brenda Ahlberg
 Community & Fiscal Projects Manager
 Kenai Peninsula Borough
 144 N. Binkley St., Soldotna, AK 99669

Project Name: Tourism Marketing/Peninsula Promotion
 Date: December 28, 2016
 Report No.: 2
 Quarter From: October 1, 2016
 To: December 31, 2016

FINANCIAL REPORT: FINAL REPORT DUE ON OR BEFORE 10 JULY 2017

Cost Category	Authorized Budget	Expenditures from Last Report	Expenditures This Period	Total Expenditures to Date	Balance of Funds
Personnel	\$ 57,233.00	\$ 14,359.97	\$ 13,956.04	\$ 28,316.01	\$ 28,916.99
Travel	\$ 15,700.00	\$ 2,423.90	\$ 3,057.38	\$ 5,481.28	\$ 10,218.72
Adv/Marketing	\$ 267,067.00	\$ 94,166.58	\$ 79,113.52	\$ 173,280.10	\$ 93,786.90
TOTALS	\$ 340,000.00	\$ 110,950.45	\$ 96,126.94	\$ 207,077.39	\$ 132,922.61

Payment Request	\$ 96,126.94
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See attached "Cash Match Summary" (if applicable this quarter).
The award increase of \$40,000 will be paid on actual cash outlays totaling \$20,000 on a pro-rata basis, which may be reported quarterly or lump sum.

PROGRESS REPORT: Describe activities that have occurred during this reporting period. Describe any challenges you may have experienced, any foreseen problems, and/or any special requests. Attach additional pages.

SITUATION ANALYSIS:

While we are still waiting on final numbers from the Kenai Peninsula Borough sales tax department on primary KPB tourism numbers for 2016, we can definitively say that Alaska's tourism industry saw both highs and lows throughout the year.

We saw successes in transferring the management of Alaska's tourism marketing program back to industry (ATIA), and in celebrating a record number of visitors to the State.



In the same year, we also experienced a dramatic cut to tourism marketing funding as the State of Alaska faced another budget year without a sustainable funding plan for the future. In the midst of it all, the industry is joining together to find a way to fund Alaska tourism marketing. Governor Walker has committed \$3.5M in the FY18 Budget to support tourism marketing moving forward. The industry has presented a statewide Tourism Improvement District (TID) plan to the Governor's office. KPTMC will keep the KPBA Administration and Assembly informed as new developments with the TID arise.

Marketing Review with Brilliant Media:



The FY17 cut of the State of Alaska's tourism marketing budget to 1.5M will have impacts on KPTMC's marketing strategies moving forward. We will no longer have access to resources we have relied on to reach qualified perspective visitors to Alaska through the Alaska State Planner, co-operative magazine advertising or co-operative trade show partnerships. We will also have a much smaller pool of leads available for purchase, and our ability to reach media through avenues like the Alaska Media Road Show are no longer available.

Brilliant Media Strategies has been the State of Alaska's advertising agency for over 12 years. The KPTMC BOD felt it would be prudent to invest a portion of the organizations increased membership revenue with Brilliant Media for a fresh look at our marketing plan in this new landscape.

Agency Review-

The agency is reviewing KPTMC's guiding documents such as a current situation analysis, past and present marketing plans, research, branding campaigns and other relevant information. In addition, they are becoming familiar with current marketing assets such as KPTMC's social media sites, collateral, website and advertising creative. They are gaining a thorough understanding of program goals and KPTMC's marketing principles.

Strategic Recommendations-

After the review is complete in January 2017 the agency will evaluate strategic alternatives and suggest specific marketing tactics and types of media that are in keeping with KPTMC's anticipated budget.

Deliverables-

The agency will deliver a top-level report highlighting the strategic recommendations and suggested tactics.

Research:

The Alaska Visitor Statistics Program (AVSP) is a statewide visitor study periodically commissioned by the Alaska Department of Commerce, Community, and Economic Development. The study provides state government and the tourism industry essential information on one of Alaska's major economic engines: out-of-state visitors.

The last AVSP was conducted in 2011. New data has been collected and is currently being analyzed from the summer of 2016. (State resources for this program were severely cut earlier this year. The ATIA Board invested a portion of organization funds in the program to make sure it happened.)



The AVSP consists of two main components:

- **Visitor Volume:** The visitor volume estimate is a count of the number of out-of-state visitors exiting Alaska, by transportation mode, during the study period.
- **Visitor Survey:** The visitor survey is administered to a sample of out-of-state visitors departing Alaska at all major exit points. The survey includes questions on trip purpose, transportation modes used, length of stay, destinations, lodging, activities, expenditures, satisfaction, trip planning, and demographics.

The KPTMC is investing \$10,000 of the organization's earned revenue with the McDowell Group to leverage the data from the AVSP to get relevant Kenai Peninsula research compiled. This report will provide much needed Kenai Peninsula visitor statistics that will drill down to the community level. It will be available in April of 2017.

Discovery Guide & Membership Mailing:

The 2017 Discovery Guide has arrived. A membership mailing that includes our 2017 Marketing Programs packet was completed in mid-November. The mailing included:

- A letter thanking members for another great year
- A copy of the 2017 Discovery Guide
- A packet outlining our additional 2017 Marketing Programs
 - Expanded Online Media Services
 - Web Banners & Enhanced Listings
 - Online Packages
 - Consumer Travel Show Co-Op
 - Tok Kiosk Brochure Distribution
 - Passport Coupons
- An estimate for renewal for members who participated in additional programs last year



Social Media:

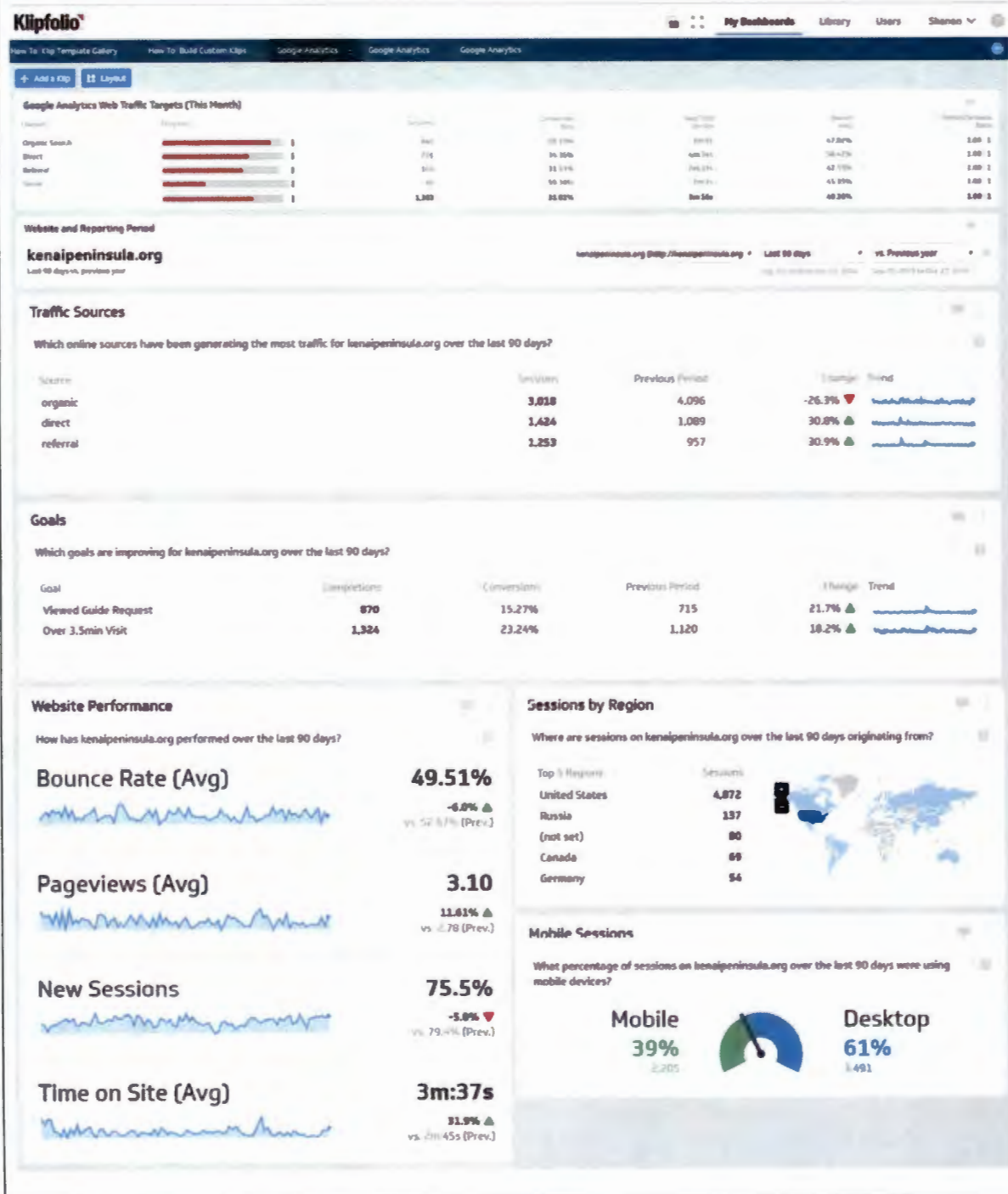
In the last quarter, "likes" on The Kenai's Facebook page have grown by 2100 for a total of 51,409 fans.

In addition, we have posted 6 blogs and sent out 2 visitor newsletters to over 9,000 subscribers in the past quarter. You can check out our blog at: <http://thekenai.wordpress.com/>



Website:

Site visits to kenaipeninsula.org are slowly recovering from the initial drop we saw with the launch of the new site. New sessions are down 5% over the same period last year, a 5% improvement over our last quarter report. We continue to see positive trends in our other measurable stats, including a lower bounce rate, higher page views and longer time on site averages.



KPTMC BOARD DEVELOPMENT:

The KPTMC BOD ratified our 2017 BOD Directors election at our December meeting. We are very pleased to welcome Travis Taylor with Premier Alaska Tours to the Board, along with Dale Bagley from the Kenai Peninsula Borough Assembly.

2017 KPTMC BOD:

EASTERN REGION:

**Danny Seavey, Seavey's Iddaride
George Heim, Alaska River Adventures**

CENTRAL REGION:

**Eric Dahlman
Bill Sadler, Soldotna B&B Lodge**

SOUTHERN REGION:

**Laurel Hilts, Seldovia Villiage Tribe
Mike Warburton, The Ocean Shores**

INCORPORATED COMMUNITY REPRESENTATIVES:

**Cindy Clock,
Seward Chamber of
Commerce**

**Tami Murray,
Soldotna Chamber of
Commerce**

**Johna Beech,
Kenai Chamber of Commerce
and Visitor Center**

**Karen Zak,
Homer Chamber of
Commerce**

BOROUGH WIDE REPRESENTATIVES:

**Michelle Glaves,
Bear Mountain Lodge**

**Dale Bagley, Kenai Peninsula
Borough Assembly**

**Travis Taylor,
Premier Alaska Tours**

Grantee Certification: I certify that the above information is true and correct, and that expenditures have been made for the purpose of, and in accordance with, applicable grant agreement terms and conditions.

Signature: Shanon Davis

Date: December 29, 2016

Printed Name and Title: Shanon Davis, Executive Director



KENAI PENINSULA BOROUGH
 144 North Binkley Street • Soldotna, Alaska 99669-7599
 PHONE: (907) 714-2153 • FAX: (907) 714-2377
 EMAIL: bahlberg@borough.kenai.ak.us

GRANTS
 01/09/17
 RECEIVED

FROM: Kenai Peninsula Economic Development District
 KPB ACCOUNT: 100.94910.KPRDD.43009

Contract Amount: \$67,500.00
 Ending: 6/30/17

Financial / Progress Report

Submit Report To:	Project Name: Kenai Peninsula Economic Development District
Brenda Ahlberg	Date: 01/03/2017
Community & Fiscal Projects Manager	Report No.: 2 of 4
Kenai Peninsula Borough	Quarter From: 10/01/2016
144 N. Binkley St., Soldotna, AK 99669	To: 12/31/2016

FINANCIAL REPORT:

Cost Category	Authorized Budget	Expenditures from Last Report	Expenditures This Period	Total Expenditures to Date	Balance of Funds
Personnel	\$ 67,500.00	16,875.00	16,875.00	33,750.00	\$ 33,750.00
Travel		-	-	-	\$ -
Contractual					\$ -
Supplies		-	-	-	\$ -
Equipment		-	-	-	\$ -
		-			
TOTALS	\$ 67,500.00	16,875.00	\$ 16,875.00	\$ 33,750.00	\$ 33,750.00

Advance funding	\$ -
Expenditures applied to advance	-
Remaining Advance Balance	\$ -

PROGRESS REPORT: Describe activities that have occurred during this reporting period. Describe any challenges you may have experienced, any foreseen problems, and/or any special requests. Attach additional pages.

Please see attached mid-year report.

Grantee Certification: I certify that the above information is true and correct, and that expenditures have been made for the purpose of, and in accordance with, applicable grant agreement terms and conditions.

Signature: Date: 01/05/2017

Printed Name and Title: Tim Dillon Executive Director



14896 Kenai Spur Highway, Suite 103-A • Kenai, AK 99611

Phone: (907) 283-3335 • Fax: (907) 283-3913

www.kpedd.org

Leadership to enhance, foster and promote economic development

KENAI PENINSULA ECONOMIC DEVELOPMENT DISTRICT, INC.

KENAI PENINSULA BOROUGH GRANT

Account 100.94900.KPEDD.43009

FY 2017

Mid-Year Report

2016 Highlights

Situation and Prospects

The 2017 Situations and Prospects report is underway. Currently, 2016 data is being collected for presentation in June of 2017. Presenting the finalized report in June rather than May will allow for the most recent and up to date sales tax data. KPEDD will print a limited number of copies but main disbursement will rely on free downloads via the KPEDD site. By substantially lowering printing costs we can stay within budget and avoid waste. This will be a one year update with a focus on recent and continuing trends in the borough. Focus areas include workforce, unemployment, healthcare, fishing, oil and gas, education and housing. KPEDD continues to update data with suggested focus area from the community.

Industry Outlook Forum- (IOF)

This year IOF will be held at the Kenai Chamber of Commerce and Visitor's Center on January 11th for a one-day event. Speakers from the state and private sector will present on a variety of topics including local entrepreneur startup, healthcare, fishing, tourism, mining, tribal projects, workforce, oil and gas as well as a State budget update. KPEDD is currently working to set up the event which will provide the annual update to our community. This event will be free to the public again this year.

KPEDD Strategic Planning

KPEDD continues to work in the six focus areas discussed in the five-year CEDS document: regional partnerships, infrastructure and technology, workforce and human capital, business climate and entrepreneurship, quality of place and knowledge dissemination. KPEDD's recently appointed Executive Director, Tim Dillon, has held presentations and discussions in many of the communities within the borough including Homer, Seward, Soldotna, Kenai, Nikiski and individual city assemblies, councils, chambers and local groups. He plans to meet with remaining areas before fiscal year end. Tim has also met with numerous businesses within the borough



Alaska Regional Development Organization (ARDOR)
The State of Alaska Department of Commerce, Community
and Economic Development certified KPEDD as an
ARDOR in 1989.



Economic Development District (EDD)
The U.S. Department of Commerce, Economic
Development Administration (EDA) recognized KPEDD
as an Economic Development District in 1988.

including Artzy Junkin and Blue Moose Bed and Biscuit to address concerns and opportunities.

Strategic Partnerships

KPEDD staff have worked hard to bridge gaps and build partnerships across the Kenai Peninsula Borough and state of Alaska. KPEDD is working with the Alaska Department of C.C.E.D and UAA Center for Economic Development to build a state-wide CEDS document. Tim worked to invite leaders from local industries to speak out against hindrances on their business. The group worked together to develop strategic goals that would directly benefit the Kenai Peninsula.

As the medical sector continues to expand, KPEDD has asked Rick Ross, Borough Health Taskforce Chair, to present at this year's Industry Outlook Forum and Bruce Richards with the Central Peninsula Hospital to join the board of directors. KPEDD continues to advocate for support pieces in the healthcare industry including concerns of an aging community and additional demand for potential LNG project employees. This quarter staff met with a rehabilitation clinic in its beginning stages as well as an assisted living center.

KPEDD continues to work with its partners in education and workforce development including the Kenai Peninsula Borough School District, Kenai Peninsula Construction Academy, AVTEC, Kenai Peninsula College, Kenai Young Professionals and Kenai Future Professionals. Caitlin Coreson, Programs Manager currently sits on the board of the Young Professionals and Future Professionals. Caitlin works to unite millennial owned or lead businesses with assisting programs and contacts. She also works to advocate for young business leaders and address concerns with local businesses. In the Future Professionals group, Caitlin works with other board members to educate high school students in entrepreneurship, employee etiquette and workforce readiness. KPEDD is working with the Kenaitze Indian Tribe in an effort to secure resources and educating the underserved in growing and raising healthy traditional meals for their families. Tim has also met with the Seldovia Village Tribe to address concerns and opportunities for growth.

Tim currently co-chairs the board working on the Dome Project expected to be announced in 2017. This project will help Borough-wide families remain active even into the winter. This project will also provide a place to host the Native Winter Games to educate and encourage community participation. It may also allow for kitchen space rental which is a continued need for several business start-ups, a concern voiced in the Business Retention and Expansion program.

Personnel Changes

Tim Dillon was appointed as Executive Director on August 1st, 2016, replacing Rick Roeske. Due to the State financial crisis the ARDOR program was renewed without funding. The elimination of this program, which drove the Business Retention and

Expansion project, defunded an entire KPEDD staff position. However, KPEDD continues the BR&E program without financial support due to its value. While this project has taken a back burner due to limited staff and funding, it has not been closed. BR&E will continue under KPEDD's direction.

Even as financial aid has decreased due to low oil prices, KPEDD continues to seek partnership and attain our six strategic goals. We will continue to provide support and up to date information to our community.