

# 2018 KPEDD Borough Update

TIM DILLON, EXECUTIVE DIRECTOR

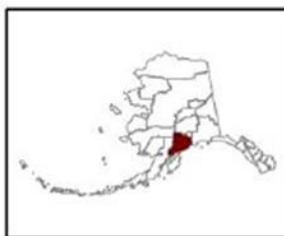
[WWW.KPEDD.ORG](http://WWW.KPEDD.ORG)

907-283-3335



*Leadership to  
Foster, Enhance and  
Promote Economic  
Development*

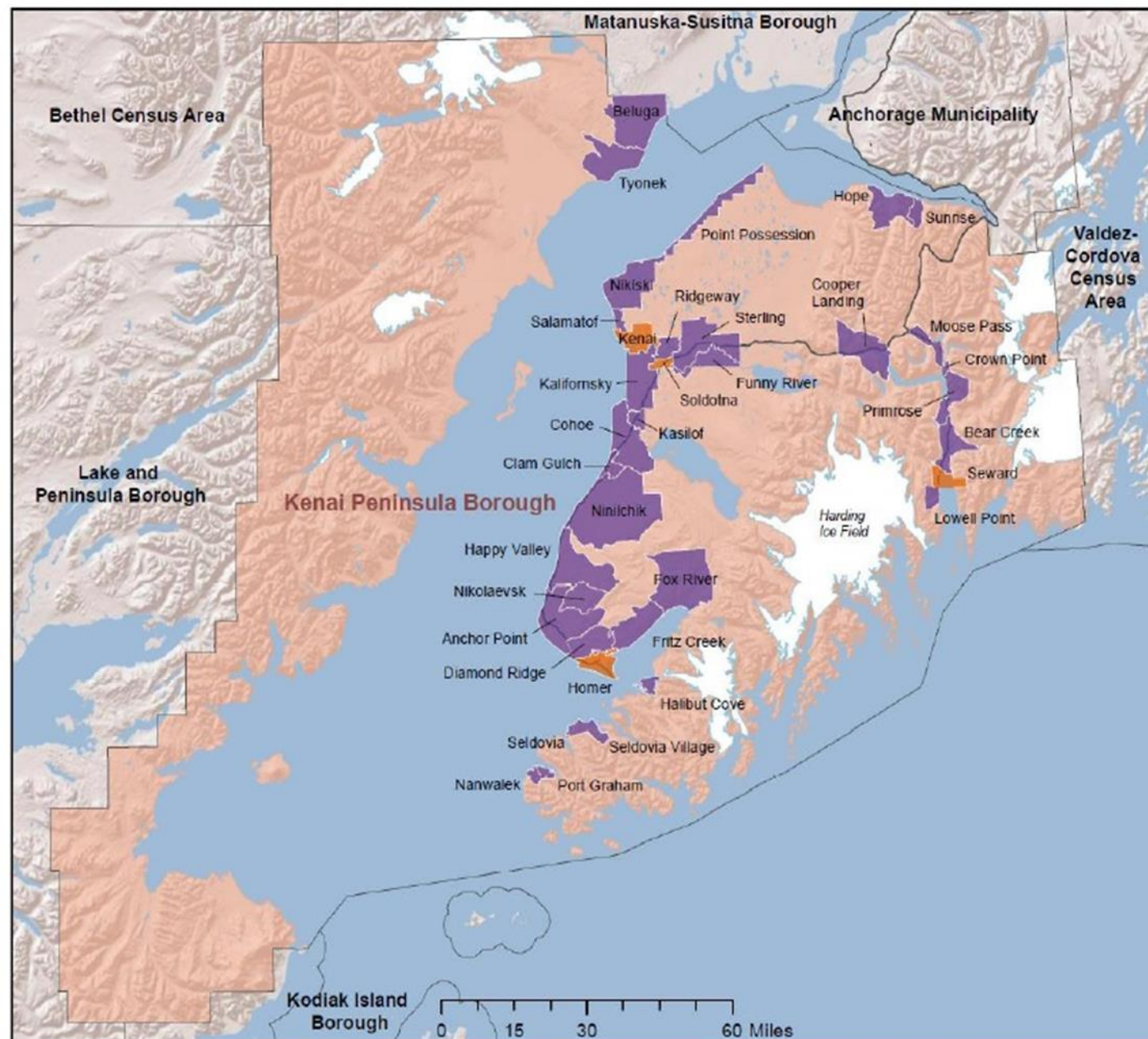
# Kenai Peninsula Borough



Map Prepared by:  
Alaska Department of Labor  
& Workforce Development

September 2011

Source: US Census  
2010 TIGERline



# K.P.E.D.D. – 501C(4)

## Non-Profit Regional Economic Development Organization

### Funding Sources

- Kenai Peninsula Borough
- US Dept. Commerce – Economic Development Administration
- Business Incubation Center



# Kenai Peninsula Opportunities 501(C)(3)

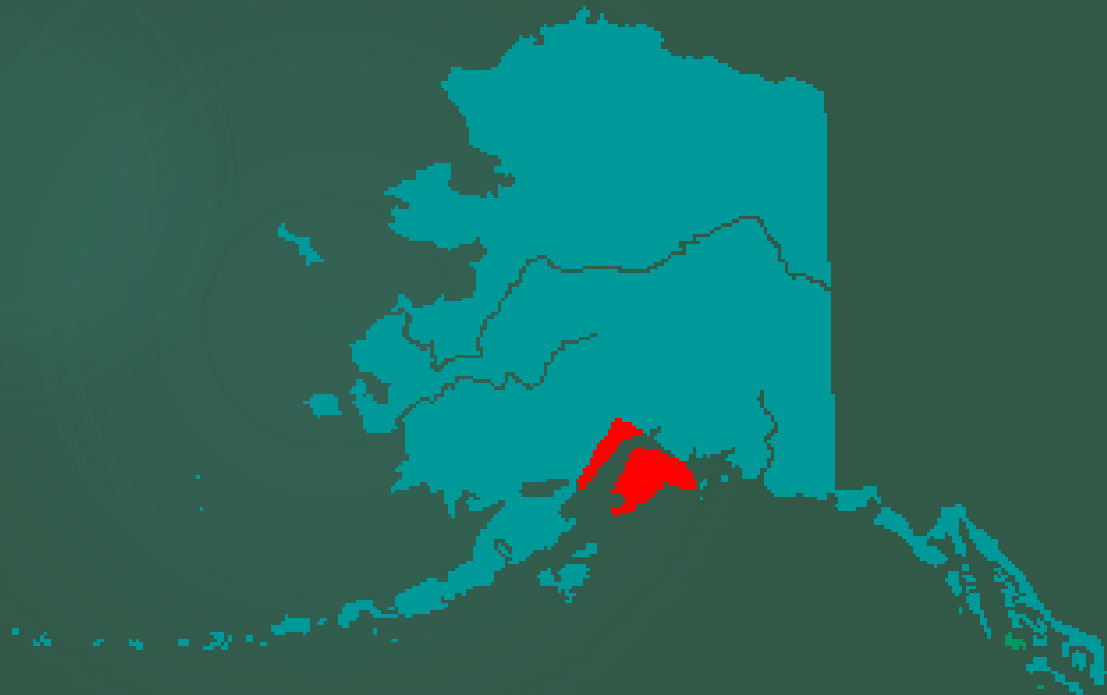
Grant Support  
for KPCA

Community  
Events



# Vision for Economic Stability and Growth

Kenai Peninsula Borough



Regional Partnerships

Infrastructure & Technology

Workforce & Human Capital

Business Climate &  
Entrepreneurship

Quality of Place

Knowledge Creation &  
Dissemination



# Projects, Programs & Partnerships

- Alaska LNG – Public Comment, Foreign Investors, Yamal Facility Tour
- AGDC Meetings – Russia, Community Meetings
- PRL Logistics - Blimps
- Kenai Peninsula Borough Land Management - Land Identified for Agricultural Use
- Homer Harbor Commission – Boat Haul Out
- 2019 Industry Outlook Forum - Homer
- Nutrien Fertilizer Plant (Agrium)
- Comprehensive Economic Development Strategies
- Kenai Peninsula Regional Airport Authority
- Student Training Program – KPEDD & EXCEL
- BR&E Disaster Planning Survey
- Presentations to Assembly, Councils, Chambers & Community Groups
- 2018 Industry Appreciation Day
- Outreach



# 2018 2<sup>nd</sup> Quarter Report



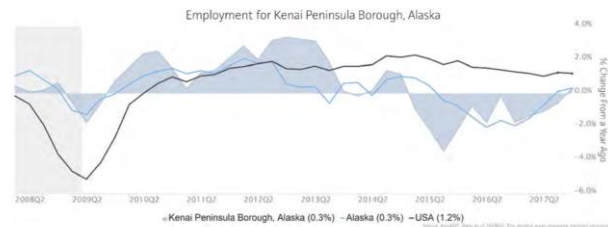
## Economic Overview Kenai Peninsula Borough, Alaska



2<sup>nd</sup> Quarter, 2018  
Release Date July 17, 2018

## Employment Trends

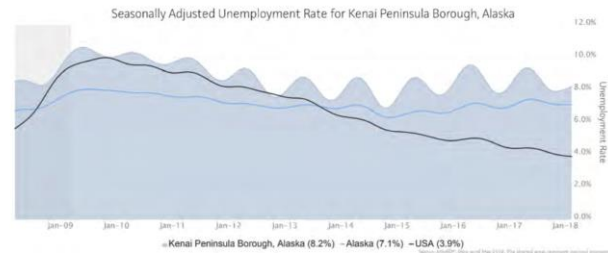
As of 2018Q1, total employment for Kenai Peninsula Borough, Alaska was 22,442 (based on a four-quarter moving average). Over the year ending 2018Q1, employment increased 0.3% in the region.



Employment data are derived from the Quarterly Census of Employment and Wages, provided by the Bureau of Labor Statistics and imputed where necessary. Data are updated through 2017Q2 with preliminary estimates updated to 2018Q1.

## Unemployment Rate

The seasonally adjusted unemployment rate for Kenai Peninsula Borough, Alaska was 8.2% as of May 2018. The regional unemployment rate was higher than the national rate of 3.9%. One year earlier, in May 2017, the unemployment rate in Kenai Peninsula Borough, Alaska was 8.8%.



Unemployment rate data are from the Local Area Unemployment Statistics, provided by the Bureau of Labor Statistics and updated through May 2018.

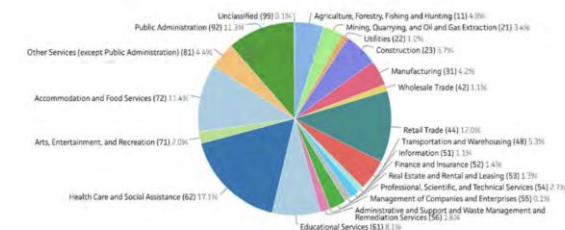
Source: JobsEQ®, <http://www.chmuraecon.com/jobseq>  
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## Industry Snapshot

The largest sector in Kenai Peninsula Borough, Alaska is Health Care and Social Assistance, employing 3,839 workers. The next-largest sectors in the region are Retail Trade (2,682 workers) and Accommodation and Food Services (2,548). High location quotients (LQs) indicate sectors in which a region has high concentrations of employment compared to the national average. The sectors with the largest LQs in the region are Mining, Quarrying, and Oil and Gas Extraction (LQ = 8.04), Agriculture, Forestry, Fishing and Hunting (3.50), and Public Administration (2.39).

Total Workers for Kenai Peninsula Borough, Alaska by Industry



Employment data are derived from the Quarterly Census of Employment and Wages, provided by the Bureau of Labor Statistics and imputed where necessary. Data are updated through 2017Q2 with preliminary estimates updated to 2018Q1.

Sectors in Kenai Peninsula Borough, Alaska with the highest average wages per worker are Mining, Quarrying, and Oil and Gas Extraction (\$113,303), Utilities (\$108,121), and Management of Companies and Enterprises (\$71,622). Regional sectors with the best job growth (or most moderate job losses) over the last 5 years are Health Care and Social Assistance (+250 jobs), Accommodation and Food Services (+130), and Agriculture, Forestry, Fishing and Hunting (+123).

Over the next 1 year, employment in Kenai Peninsula Borough, Alaska is projected to expand by 168 jobs. The fastest growing sector in the region is expected to be Mining, Quarrying, and Oil and Gas Extraction with a +1.9% year-over-year rate of growth. The strongest forecast by number of jobs over this period is expected for Health Care and Social Assistance (+71 jobs), Educational Services (+17), and Mining, Quarrying, and Oil and Gas Extraction (+15).

Source: JobsEQ®, <http://www.chmuraecon.com/jobseq>  
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# 2018 Kenai Peninsula Borough Report



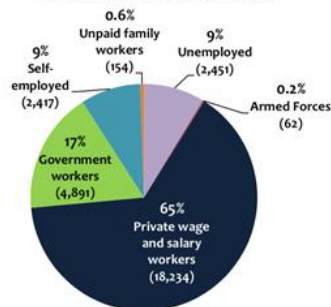
Population	2017	2016
Population <sup>1</sup>	58,024	58,049
No. of Permanent Fund Dividends <sup>2</sup>	52,127	52,418
PK-12 <sup>th</sup> Grade School Enrollment (all KPB schools, 2017/2018) <sup>3</sup>	9,027	9,141
Housing		
Number of Housing Units <sup>4</sup>	±163 30,752	30,671
Number of Occupied Housing Units <sup>4</sup>	±483 21,481	21,485
Median Value of Owner-Occupied Units <sup>4</sup>	±\$5,293 \$229,200	\$219,100
Median Monthly Rent (w/ utilities) <sup>15</sup>	\$987	\$992
Income		
Number of Households <sup>5</sup>	21,481	21,485
Median Household Income <sup>5</sup>	±\$2,835 \$64,891	\$63,684
Mean Household Income <sup>5</sup>	±\$2,792 \$80,661	\$78,118
Number of Households that Received: <sup>2</sup> Public Assistance / SNAP-Food Stamps	1,349 / 1,854 ±193 / ±226	1,334 / 1,938
Number of Families <sup>5</sup>	±480 13,701	13,746
Median Family Income <sup>5</sup>	±\$3,975 \$82,242	\$78,668
Mean Family Income <sup>5</sup>	±\$3,152 \$92,886	\$91,684
Per Capita Personal Income <sup>11</sup>	±\$1,153 \$50,691	\$52,639

- **Top Fish Ports.** The city of Seward and Kenai are 2 of the top 50 US ports for commercial fish volume and price.<sup>9</sup>
- **Commercial Fishermen on the Peninsula are Very Successful.** While only about 8% of Alaska's population lives on the Peninsula, local residents regularly land 14-15% of all pounds of commercial fish harvested by Alaskans, and earn 17-19% of all commercial fishing gross earnings that Alaska residents make.<sup>10</sup>
- **Home Sales Steady, Price up a Bit.** 776 homes sold in KPB in 2017 through the help of a realtor. The average sales price was \$235,097. Compared to 2016, volume sold was flat but the average sales price increased 3%.<sup>12</sup>
- **Marijuana Business.** In 2017, marijuana cultivators on the Peninsula paid \$1.1 million in state excise taxes; for the 1<sup>st</sup> five months of 2018 the total paid was \$718,000. During May 2018, 28 Peninsula cultivators paid \$170,300 in excise taxes to the state. Using reasonable assumptions, this equates to over \$1 million in estimated retail sales for that month.<sup>13</sup>

## KENAI PENINSULA BOROUGH TAX INFORMATION <sup>14</sup>

	Year	2017	2016	2013
Sales Tax	Rate	3% Borough-wide		
	Tax Revenue to Borough	\$30,479,542	\$30,103,266	\$29,647,452
Property Tax	Mill Rate	4.5 mill Borough-wide		
	Assessed Value (real & personal)	\$6,701,525,060	\$6,347,431,479	\$6,295,906,850
	Assessed Value (oil & gas)	\$1,468,599,690	\$1,415,096,180	\$989,766,390
	Tax Revenue to Borough	\$66,546,525	\$62,078,842	\$56,910,322

## Kenai Peninsula Labor Force <sup>6</sup>



## The Kenai Peninsula....

- **Business Sales are Up.** During 2017, business sales in the Kenai Peninsula Borough totaled \$3.6 billion. This was up 6% compared to 2016, and broke a two-year cycle of decline.<sup>7</sup>
- **Total Wages Dropped Here and Statewide.** Total wages to Kenai Peninsula employees dropped again between 2016 and 2017, as they did between 2015 and 2016. This was true statewide and in the Anchorage area too. The decline in total wages has been about 5% since 2015 on the Peninsula, in Anchorage, and statewide.<sup>8</sup>

## GROSS BUSINESS SALES IN THE KENAI PENINSULA BOROUGH

Business Type	2017	2016	2013	1-Year Change (2016 to 2017)	5-Year Change (2013 to 2017)
<b>GRAND TOTAL</b>	<b>\$3,562,252,203</b>	<b>\$3,365,263,955</b>	<b>\$3,717,539,890</b>	<b>\$196,988,248 6%</b>	<b>-\$155,287,687 -4%</b>
1. Retail Trade	\$1,123,219,462	\$945,655,655	\$984,180,277	\$177,563,807 19%	\$139,039,185 14%
2. Mining/Quarrying	\$659,054,693	\$623,592,005	\$552,522,750	\$35,462,688 6%	\$106,531,943 19%
3. Construction Contracting	\$304,527,369	\$391,597,672	\$566,348,085	-\$87,070,303 -22%	-\$261,820,716 -46%
4. Wholesale Trade	\$258,480,256	\$239,834,004	\$319,501,740	\$18,646,252 8%	-\$61,021,484 -19%
5. Utilities	\$168,590,043	\$158,495,022	\$176,751,210	\$10,095,021 6%	-\$8,161,167 -5%
6. Services	\$157,870,393	\$120,144,891	\$173,813,125	\$37,725,502 31%	-\$15,942,732 -9%
7. Transportation, Warehousing	\$131,007,648	\$106,416,878	\$96,307,920	\$24,590,770 23%	\$34,699,728 36%
8. Manufacturing	\$116,593,124	\$105,130,451	\$139,007,456	\$11,462,673 11%	-\$22,414,332 -16%
9. Restaurant/Bar	\$99,444,379	\$101,528,864	\$92,841,409	-\$2,084,485 -2%	\$6,602,970 7%
10. Hotel/Motel/B&B	\$94,643,824	\$95,409,527	\$88,861,805	-\$765,703 -1%	\$5,782,019 7%
11. Rental Resid. Prop	\$74,120,613	\$81,576,002	\$65,203,539	-\$7,455,389 -9%	\$8,917,074 14%
12. Guiding Water	\$72,149,337	\$67,961,054	\$60,368,537	\$4,188,283 6%	\$11,780,762 20%
13. Prof. Scientific, Tech Svs	\$68,760,387	\$74,634,921	\$137,673,975	-\$5,874,534 -8%	-\$68,913,588 -50%
14. Information	\$37,407,782	\$40,357,914	\$55,491,122	-\$2,950,132 -7%	-\$18,083,340 -33%
15. Admin, Waste Mgmt	\$36,642,276	\$58,988,661	\$81,561,362	-\$22,346,385 -38%	-\$44,919,086 -55%
16. Health Care, Social Asst	\$34,899,117	\$34,368,296	\$20,369,553	\$530,821 2%	\$14,529,564 71%
17. Rental Non-Resid. Prop	\$28,645,851	\$33,940,204	\$23,115,672	-\$5,294,353 -16%	\$5,530,179 24%
18. Public Admin	\$26,611,556	\$26,870,633	\$21,096,106	-\$259,077 -1%	\$5,515,450 26%
19. Telecommunications	\$14,652,210	\$14,333,053	\$11,365,241	\$319,157 2%	\$3,286,969 29%
20. Rental Commercial Prop	\$13,824,408	\$9,208,229	\$6,766,394	\$4,616,179 50%	\$7,058,014 104%
21. Arts & Entertainment	\$11,817,059	\$7,495,161	\$15,377,847	\$4,321,898 58%	-\$3,560,788 -23%
22. Ag, Forestry, Fishing, Hunt	\$7,713,162	\$3,929,259	\$3,259,614	\$3,783,903 96%	\$4,453,548 137%
23. Financial & Insurance	\$4,428,420	\$8,242,551	\$10,033,276	-\$3,814,131 -46%	-\$5,604,856 -56%
24. Rental Self-storage, MiniWhses	\$4,402,840	\$4,755,034	\$4,610,668	-\$352,194 -7%	-\$207,828 -5%
25. Educational Svs	\$4,180,143	\$3,421,231	\$2,945,892	\$758,912 22%	\$1,234,251 42%
26. Rental Personal Prop	\$4,127,253	\$3,346,741	\$4,911,307	\$780,512 23%	-\$784,054 -16%
27. Guiding Land	\$4,056,463	\$3,707,234	\$2,701,107	\$349,229 9%	\$1,355,356 50%
28. Remediation Svs	\$377,189	\$322,808	\$536,572	\$54,381 17%	-\$159,383 -30%
Other	\$7,281	-	-	\$7,281	-
Trailer Court	-	-	\$16,291	-	-

Source: Kenai Peninsula Borough Finance Department - confidential

NOTES: Some of 2016-2017 increase in Arts & Entertainment and Services due to 2017 code change that requires more nonprofits to report more sales. Transportation and Warehousing increase partially due to newly registered oilfield related businesses. Finance and Insurance decline appears linked to closures in financial companies such as banks or CPAs. Admin & Waste Management decreases partly due to declines in cleaning industry and some business closures. Construction Contracting varies linked to oil and gas and government spending and contracts; gross sales have been declining for 5 years.



2018 Kenai Peninsula Situations & Prospects Report  
Kenai Peninsula Economic Development District  
[www.kpedd.org](http://www.kpedd.org) (907) 283-3335

Sources: 1 - ADOLWD, Population Est 2010-2017; 2 - AK Dept of Revenue; 3 - AK Dept of Education; 4, 5, 6 - US Census, ACS 2010-2016 and 2010-2016 5-year estimates; 7 - KPB Finance Dept; 8 - ADOLWD QCEW; 9 - NOAA 2016 FUS Report; 10 - CECF; 11 - US BEA 2016; 12 - MLS c/o Redout Realty; 13 - Alaska Dept. of Revenue, calculations by Shenberg Assoc; 14 - Alaska Taxable reports; 15 - 2018 AHFC/ADOLWD Rental Costs Survey; Photos:

# Microloan Program



*Leadership to enhance, foster  
and promote economic development*

## Micro Loan Program Application

Kenai Peninsula Economic Development District, Inc. 14899 Kenai Spur Highway, Suite 103-A, Kenai, Alaska 99611-7014  
Phone: (907) 283-3335 Fax: (907) 283-3813 [www.kpedd.org](http://www.kpedd.org)  
Last updated: 12/2002

### KENAI PENINSULA ECONOMIC DEVELOPMENT DISTRICT, INC. KPEDD MICROLOAN PROGRAM

*Purpose: The intent of the program is to provide financing for small businesses for which other types of financing might not be available. This program is designed to identify the needs of applicants when traditional funding sources have been denied and help applicants become viable candidates for traditional commercial lending. The intent is not for hobbyists or other personal use. Loans from this program should help new and existing business create jobs, expand services, or operational capabilities that enhance, foster and promote responsible economic development, which is the mission of this organization.*

#### Who is Eligible?

##### Potential Borrowers Include:

Minority, Woman and Veteran owned businesses, and/or businesses located on the Kenai Peninsula Borough.

#### Loan Features:

- \* Loan amounts of \$2,500 - \$25,000
- \* 3- 4 year term – Fully amortized
- \* Collateral is required
- \* Interest Rate based on Wall Street Journal prime + 4.00%
- \* \$50 processing fee – deducted from loan proceeds.
- \* Annual servicing contribution will be required for all loans.
- \* Borrowers will pay all closing costs (filing fees, credit reports fees, titling fees, title insurance, etc) at closing.
- \* No prepayment penalty – 10-day payoff notification required.
- \* All borrowers with over 50% ownership must certify that they are not more than 60 days delinquent with regard to income tax and child support payments.
- \* Borrowers should inject a minimum of 10% equity (non-borrowed) investment into the business or project.
- \* Owners with 51% interest will be required to personally guarantee the loan.
- \* Technical Assistance Included

#### Eligibility Requirements:

- Business must be physically located in the Kenai Peninsula Borough
- Business must be for-profit.
- Start-up businesses allowed.
- Loan proceeds for business acquisition not allowed
- Loan proceeds for businesses, which have defaulted on any Federal financing

#### Eligible Business:

- Financial businesses primarily engaged in lending
- Insurance Companies
- Businesses with sale distribution plans or multi-level marketing plans.
- Businesses engaged in gambling activities.
- Rate club and businesses, which limit the number of members for any reason other than capacity
- Government owned entities (except for businesses owned or controlled by a Native American Tribe).
- Consumer and marketing cooperatives
- Businesses with an applicant or co-applicant who have been convicted of a felony (exceptions may be made to this but must have strong and reasonable justification).
- Businesses which present live performances of prurient sexual nature; or the sale of goods or services, or the presentation of any depictions or displays, of a prurient sexual nature.
- Businesses engaged in political or lobbying activities.
- Businesses in which any of the following parties have an equity interest:
  - Board Members of the KPEDD; Employees of KPEDD; Any of the relatives, by blood or marriage, of the employees of the KPEDD and members of the Finance Committee.

#### Application Process:

- Completed application submitted by applicant.
- Business plan outline with an explanation of the purpose of the loan.
- Personal financial statements for applicants.
- Years of personal tax returns for all participants.
- Names for all owners and management
- 5 years of business tax returns and financial statements (if applicable).
- Current interim financial statement for the business.
- Copy of licenses and permits
- Documents establishing authority (Articles of Incorporation, Articles of Organization, Partnership Agreement, etc.).
- Signing occurs once all executed documents are received.

# Workforce Development

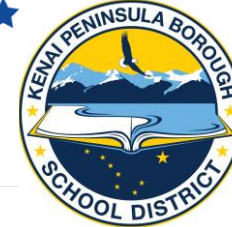
## WORKFORCE LUNCHEON PARTICIPANTS

KPEDD & EXCEL ALASKA

AUGUST 29<sup>th</sup>, 2018



NAME	AFFILIATION	TITLE
Joseph Thornton	Kenai College – Upstream Academy	Training & Conference Coordinator
Sean Dusek	KPBSD	Superintendent of Schools
Cathy LeCompte	AVTEC Technical Center	Director
Marnie Olcott	Challenger Center	CEO
Michelle Blackwell	Senator Murkowski's Office	Representative
Jacelle Zoubek	Dept. Labor & Workforce Development	Career Support & Training Services Supervisor
Alex Douthit	Kenai Peninsula Driving Instruction	Owner
Hal Smalley	Kenai Peninsula Borough & KPEDD	Assembly & Board Member
Mike Gallagher	Alaska Petroleum Academy	Owner
Charlie Pierce	Kenai Peninsula Borough	Mayor
John Quick	Kenai Peninsula Borough	Chief of Staff
Dawn Nelson	Kenaitze Indian Tribe	Interim Director
Tiffany Blanchard	Wells Fargo	Representative
Kathy Dunn	Alaska LNG Project	Director of Communications
Bob Hammer	Kenai Peninsula Construction Academy	Executive Director





# Industry Outlook Forum - Homer

January 9<sup>th</sup>, 2019 – Christian Community Church





Thank You

Tim Dillon, Executive Director

[tim@kpedd.org](mailto:tim@kpedd.org)

907-242-9709