



Legislation Text

File #: 16-0236, **Version:** 1

ITEM TITLE:

Approval of Partnership with the UAA Small Business Development Center as part of the ED Commission 2017 Plan of Work

ED BY:

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FISCAL NOTES:

Expenditure Required: \$25,000 Investment in SBDC + \$8,160 Travel
Unencumbered Balance:
Funding Source: 2017 Budget

RECOMMENDATION:

Approve Partnership with the UAA Small Business Development Center as part of the ED Commission 2017 Plan of Work.

SUMMARY STATEMENT:

Listed below is a summary of two state business assistance programs and a model of a similar private sector program.

1. State of Alaska Business Retention and Expansion (BRE) program. BRE is a state business assistance program operated at the local level to collect and analyze local business data. Such data is derived from a state created on-line survey taken by individual businesses. This step is followed by direct technical assistance and suggested approaches to outside funding assistance (loans and grants) and other relevant program tools. Possible business technical assistance could be provided from either local business volunteers or from a City or PWS College contractor. In some other regions the Alaska Regional Development Organization (ARDOR) has taken the operational lead for the program. The ARDOR for Valdez is the Prince William Sound Economic Development District. There is no outside funding available to operate this program.

Recommendation. The program objectives appear to be solid. However, staff and operational funding, as well as, program oversight does not seem to be a good fit for Valdez. Consequently, I would suggest at this time, EDC does not pursue this program.

2. Alaska Small Business Development Center (SBDC)-UAA. SBA provides both loan subsidies

and technical advice to new and existing business. UAA's program <https://aksbdc.org> involves a series of practical steps to evaluate establishing or expanding a business. At last week's presentation Julie Nolen, SBDC, agreed to explore online services and possibly be in Valdez for two days a month working with local businesses and individuals seeking technical assistance on establishing a business. We agreed to communicate next week on the matter. This will entail the City covering SBDC travel and per diem expenses. Dan O'Connor offered access to classrooms. Lastly, as a relevant side note, there seems to be genuine interest in the program by some younger business people who attended the luncheon. Moreover, they indicated a strong interest among other younger residents of investigating or starting a business in Valdez.

In a subsequent conversation with Julie Nolan at SBDC, the organization is willing to offer contractual services with the City. However, the scope is different than the preliminary ideas we talked about last month during my visit to Valdez. The scope is as follows: SBDC...

- Seeks to develop a strategic partnership with communities and local organizations by having a staff person travel to Valdez once a month. In order to best serve the Valdez community, a fair amount of ground work would be necessary for Julie to better understand the economic climate and business barriers;
- Commonly receives a local contribution of \$25,000 plus travel expenses for cost of staff involvement for one year. It's apparently the same amount other communities contribute;
- Will provide a series of small business workshops-minimum of six workshops;
- Will provide at no charge in person confidential one-on-one business advise; and
- Would commence the program at the beginning of 2017.

The fiscal note required for this program travel is estimated at \$8,160 for the year if SBDC staff is in Valdez once a month. This budget includes 1) 12 Round-trip Tickets @ \$330 = \$3,960; 2) 12 Hotel Nights @ \$200 = \$2,400; and 3) 24 Days Per Diem @ \$75 = \$1,800.

Recommendation. Work with SBDC to schedule a series of Valdez visits by its staff. Work to accommodate this expense into the ED Budget.

3. Sealaska Inc. Path to Prosperity(P2P). Per the website (p2pweb.org) The Path to Prosperity Sustainable Business Concept Development Competition was introduced in 2013 by the Haa Aaní Community Development Fund, Inc. (HACDF) and The Nature Conservancy. This year, two winning entrepreneurs will receive an award of up to \$40,000 in seed funding for consulting/technical assistance to develop their business concept, along with support in finding investor funding. The competition aims to launch growth companies that will increase local employment, have a positive social and economic impact on their communities, promote sustainable use of local resources, and increase entrepreneurial know-how and business leadership in Southeast Alaska.

The competition consists of two rounds. In Round 1, participants register and submit a description of their business concept. Up to 12 entries from this round are invited to continue to Round 2, where they will receive substantial coaching in business basics and individualized advice in developing their

idea into a written business plan. The final business plans will be judged by an independent panel of business leaders.

Recommendation. The P2P has a positive track and appears to be well thought out. I would suggest EDC revisit such an effort after better understanding the interest in new businesses through such programs as the SBDC.