



KENAI PENINSULA BOROUGH

144 North Binkley Street • Soldotna, Alaska 99669-7520

PHONE: (907) 714-2150 • FAX: (907) 262-8616

JOHN J. WILLIAMS
MAYOR

MEMORANDUM

TO: Ron Long, Assembly President
Members of the Kenai Peninsula Borough Assembly

FROM: Bonnie L. Golden, Grants Manager *bg*

DATE: August 3, 2006

SUBJECT: Report from Borough Grant Recipients

Recipients of Borough grants are required to file semi-annual reports; once in January and again in July. The reports include a financial report as well as an activity report. Attached are the year-end narrative reports from:

- Economic Development District
- Kenai Peninsula Tourism Marketing Council
- Kenai Small Business Development Center

Reports from the Arctic Winter Games 2006 Host Society and CARTS were provided to you earlier. If you would like to review the financial reports from any of the grantees, they are available in my office.

KPEDD



KENAI PENINSULA
ECONOMIC DEVELOPMENT DISTRICT, INC.
BUSINESS INNOVATION CENTER



Monday, July 24, 2006

Bonnie Golden, Grants Manger
Kenai Peninsula Borough
144 N. Binkley
Soldotna, AK 99669

RE: Final Progress Report FY06

Dear Bonnie,

Please find enclosed the Final Progress Report under the KPEDD Service Agreement FY06 and Financial Statements for the reporting period January 1, 2006 through June 30, 2006.

If you should have any questions please feel free to contact me.

Sincerely,

Dee L. Gaddis
Administrative & Programs Manager

Enc: Progress report
Certificate of Insurance 09/01/06
EDA Report
ARDOR Report

KPBorough Progress Report FY06 (07/01/05 – 06/30/06)
Report Period 01/01/06 – 06/30/06


<u>Scope of Work Item</u>	<u>Associated Activity</u>	
Economic Development Planning	<p>KPEDD has applied for/supported additional federal and state funding for the following initiatives YTD:</p> <ul style="list-style-type: none"> ◦ USDA and EDA funding for Karchemak Bay Mariculture Association ◦ USDA grant for micro-loan funding ◦ ARDOR competitive grant for small business marketing ◦ Administered Flood Mitigation Grant for DECD ◦ AMEP funding through MOU for small business development ◦ EDA funding for statewide entrepreneurship ◦ KPEDD participating in CEPRA – a statewide community planning body – representing Kenai communities ◦ Facilitated Denali Biotechnology startup funding 	
Community Plans	<ul style="list-style-type: none"> ◦ Community Plans completed in all communities where there was sufficient interest to proceed. KPEDD will remain willing to assist any community wishing to update a completed plan or initiate a new one 	
Administer Revolving Loan Fund	<ul style="list-style-type: none"> ◦ 2 existing loans paid-out during the period, a number of new loans pending ◦ New funding added to micro-loan program – utilization of this program continues to be high with more demand than supply ◦ Technical assistance, mentoring & coaching provided to small businesses clients on an as-needed 	

KPBorough Progress Report FY06 (07/01/05 – 06/30/06)
Report Period 01/01/06 – 06/30/06

<p>Provide small business assistance</p>	<p>basis</p> <ul style="list-style-type: none"> o Two new Business Incubation clients started in BIC o KPEDD is participating in CEDA, a statewide initiative to improve small business service delivery o KPEDD in partnership with AMEP is delivering technology and productivity support to the small business community in KPB o Started publishing an e-newsletter on economic development in region – 3 issues completed 	
<p>Assistance to KPB Mayor and/or representative</p>	<p>Assistance provided as and when required</p>	

KPBorough Progress Report FY06 (07/01/05 – 06/30/06)
Report Period 01/01/06 – 06/30/06

Certification: I certify, to the best of my knowledge and belief, the information above is correct and activities were performed in accordance with the grant agreement terms and conditions.



John E. Parker
Person authorized to sign on behalf of the Grantee

Executive Director
Title

JUL 24 / 2006
Date

Kenai Peninsula Tourism Marketing Council



Kenai Peninsula Borough Performance Report JANUARY-JUNE, 2006

*Mission: To serve, as a valuable resource
for the Tourism Industry in the Kenai Peninsula Borough*

ALASKA KENAI PENINSULA

Mission Cont.:

- ♦ *To strengthen all destination marketing efforts within the Tourism Industry by acting as the collective voice.*
- ♦ *To educate Tour Operators and Agencies to choose the Kenai Peninsula as their destination of choice for their Alaska bound clients.*
- ♦ *To promote the Kenai Peninsula through travel writers and travel planner Publications by providing resources such as copy-pen, photos and FAMs (Familiarization Tours)*
- ♦ *To funnel independent traveler leads to our Tourism Industry by means of our website, Discovery Guide and 1-800 number.*
- ♦ *To provide current travel trend research.*
- ♦ *To encourage the Tourism Industry to enhance the travel experience of our guests.*
- ♦ *To act as a driver in the economic development of the Kenai Peninsula Borough.*

Membership

- ♦ Currently we have 393 members, up from 312 in June 2005.
- ♦ Member brochures are displayed at the Kenai Airport and a Kenai Peninsula Visitor Kiosk in Tok.
- ♦ All members receive a picture, free listing and live link on the KPTMC web site along with a free listing in the Discovery Guide.
- ♦ 2080 leads of potential visitors who requested additional information from our members were emailed to all Discovery Guide advertisers through web site inquiries in from Jan.- June, 2006.
- ♦ We have resurrected our quarterly newsletter to keep membership informed of industry news and opportunities. (Attached)

Marketing Partners (Advertisers in Discovery Guide)

- ♦ Our 2006 Discovery Guide has 138 advertisers, up from 103 in the 2005 guide. We are currently working on our 2007 Guide; our goal is \$175,000 in sales for the '07 guide, up from \$155,000 in '06.

Generated Revenue

- ♦ Total budgeted KPTMC revenue for 2006 is \$477,900. \$157,500 comes from borough grants, the remaining \$320,400 will be generated by KPTMC.

ALASKA KENAI PENINSULA

- ♦ KPTMC is fiscally sound, operating in the black with all due bills paid.

Gaming

- ♦ We continue to operate a pull tab establishment (Hello Lucky!\$) and Hooligan's Pull Tab operations. We have moved Hello Lucky to a larger building with bathroom facilities, a definite improvement for our customers and employees. Donations to KPTMC from our gaming operations total \$17,711.85 from January-June, 2006.

Discovery Guide:

Discovery Guide Developments:

- ♦ We are currently receiving bids for production of our 2007 guide. We will likely keep our distribution at 175,000. We are trying to keep the page count at 70 to avoid the added cost of printing additional pages and the cost increase of mailing a heavier guide, although we may need to increase another 8 pages to accommodate all of our new members.
- ♦ The discounted full page ads we offered our Peninsula Communities were well received in the '06 Guide. (\$3,500, down from \$5,845.) Homer, Kenai, Seward and Soldotna have already committed to running the ads again in the '07 Guide.

2006 Discovery Guide Distribution to Date:

- ♦ 50,000 guides mailed in January 2006 to leads purchased from ATIA qualified to people who have decided to visit Alaska within the next year.
- ♦ Over 8,000 sent to leads generated from our web site, advertising in the Anchorage Convention and Visitor Bureau Recreation Guide, and the State of Alaska Vacation Planner.
- ♦ Over 12,000 distributed to the tour industry, visitor centers, Alaska airports, ferry terminals and consumer shows.
- ♦ Over 25,000 guides in the Anchorage market, using Anchorage Brochure Distribution.
- ♦ 2000 to our Tok Kiosk.

Conventions and Media Relations:

Alaska Travel Industry Association Convention-October 2006 in Valdez

- ♦ Executive Director and Sales Manager positions both attended this convention for the second year. KPTMC's participation with the ATIA through conventions and the ATIA marketing committee has been tremendously beneficial to the organization.

Media Road Show-October 2006 in New York

- ♦ This is second year we will be attending the Alaska Media Road Show, put on by the Alaska

ALASKA KENAI PENINSULA

Travel Industry Association. Business owners and DMO's gather in a day of one-on-one meetings to discuss story ideas with media and travel writers. This years show will take place in New York city, the media capitol of the United States. Last years attendance has already had a terrific ROI with several writers visiting the Kenai Peninsula to research articles as a direct result of our attendance.

Keiryu-Mountain Stream and Weekly Shincho Magazines

- ♦ We have arranged a Kenai Peninsula trip for two Japanese journalists working for both Keiryu-Mountain Stream and Weekly Shincho magazines; Tomoyuki Kusaka & Takeshi Ishikawa. Keiryu-Mountain Stream is an outdoor enthusiast magazine especially for game and fly fishing and covers various information for naturalists. It has a circulation of 60,000. Weekly Shincho is a weekly magazine which contains the latest news and trends covering politics, economics, sports, travel, fashion and gossip etc. It has a circulation of 750,000. Tomoyuki and Takeshi will be on the Peninsula July 27-August 1, 2006.

Heartland USA Travel Writer Joe Byers

- ♦ We have also arranged a trip for Joe Byers who has two assignments from Heartland USA for his Kenai Peninsula trip. Joe is bringing his 16 year old grandson and will be doing a coming of age story about the trip. The numbers for HUSA are very impressive: 1.2 million subscribers, 3.6 million readers, average age 40, average income \$50K. HUSA is a rural life-style magazine, its readers are the kind of people who are likely to travel to Alaska. Joe will be on the Kenai Peninsula August 8-15, 2006.

Skytours-Thomas Jenzer

- ♦ Thomas Jenzer is the Senior Product Manager for Skytours. Skytours is the leading wholesaler in Switzerland for Alaska/Yukon (approx. 60-70 % market share). KPTMC arranged a two day Kenai Peninsula itinerary for Mr. Jenzer highlighting seven of our member businesses and Kachemak Bay.

Sport Shows

- ♦ We represented our membership at the Great Alaska Outdoorsman Show in Anchorage, the Outdoors Show in Fairbanks and the Sport Rec and Trade Show in Soldotna

NTA-Tour & Travel Exchange-November 2006 in Salt Lake City

- ♦ The Tour & Travel Exchange offers tour operators, tour suppliers and DMOs the opportunity to conduct one-on-one business appointments for three full days. We will be sending Teresa Nicole, our Sales Manager to the Show this year.

NEW! POW WOW-International Tour Operator Show-May 2006

- ♦ In May KPTMC attended POW WOW, an international trade show for travel operators. We partnered with the Mat-Su CVB and Valdez in a venture called "Authentic Alaska", highlighting the very best Alaska has to offer an international visitor. International Pow Wow is the travel industry's premier international marketplace and is the largest generator of Visit USA travel. We had 40 pre-scheduled appointments and response to our itineraries was phenomenal.

ALASKA KENAI PENINSULA

Regional Tourism Conference:

- ◆ Planning is in full swing for our Annual Regional Tourism Conference and Awards Banquet/ Auction to be held September 21-22, 2006 in the central area. Our conference provides a great forum for KPTMC members, state/local representatives, community leaders, and regional businesses to network and discuss tourism related issues affecting both the Kenai Peninsula and the State of Alaska.

Winter Season

- ◆ KPTMC will coordinate the Peninsula winter games for the 4th year. The games bring hundreds of visitors to the Kenai Peninsula to participate in the Native Youth Olympics and Hockey tournaments, as well as professional ice carvers from all over Alaska.

Branding

- ◆ The Kenai Peninsula Tourism Marketing Council has started a destinations brand project with the help of North Star Destination Strategies, LLC in an effort to provide focus for the Kenai Peninsula's diverse marketing and economic development endeavors. A destinations brand is what makes an area stand out from other destinations, differentiates it from competitors and allows it to be competitive on something other than price. The Kenai Peninsula is a product in need of a brand identity that will provide a clear, accurate, compelling depiction of our Peninsula and all of its assets. We will assist Peninsula Communities in the discovery of their optimum brand positioning, and leveraging of their equity in that brand through communications and strategic initiatives that positively influence visitors, residents and business.

North Star Destination Strategies Community BrandPrint™ process will evaluate the environment, the competitive situation, community attitudes, current communications, and perceptions of Kenai Peninsula consumers. They will utilize Gap analysis, with inquiries of origin, lodging, geo-demography and perception studies with visitors and residents of the Kenai Peninsula. North Star will also provide a PRIZM Analysis Reports that includes who is coming to the Kenai Peninsula, what they are doing while on the Peninsula, & where they are going. From the information gathered North Star will create a brand positioning that creates, strengthens or adjusts the Kenai Peninsula's identity in the minds of the visitors, residents, group tour leaders and meeting planners that will reinforce the brand and grow market share. Our goal is to bring the Kenai Peninsula together to form a cohesive unit for further economic development. Our objective is to find the identity of the Kenai Peninsula and brand it.

North Star will present the Insights of the branding project. An internal situation brief followed by a research review and strategy presentation that will include:

- Brand Essence – reason for being
- Brand Values – guiding principles
- Brand Truths – help deliver the promise
- Brand Promise – what can you provide that other's cannot
- Brand Benefits – consumer appeal
- Brand Personality – tonality
- Brand Platform Statement

ALASKA KENAI PENINSULA

The Kenai Peninsula Tourism Marketing Council has already raised \$ 41,125.00 from 10 local communities and businesses to start the Community BrandPrint™ project with an additional \$ 22,500.00 committed. Stakeholders include: The Homer Chamber of Commerce, the Seward Chamber of Commerce, the Soldotna Chamber of Commerce, the City of Soldotna, the Kenai CVB and the Kenai Chamber of Commerce. We have also applied for a \$30,000 mini grant from the State of Alaska to support the effort.

Two teams from Northstar Destination strategies spent two weeks traveling the entire Kenai Peninsula in June. During their visit they met with a wide variety of business owners and community stakeholders. We have compiled community vision surveys, conducted an essay and photo contest for our visitors and are currently gathering customer addresses from our members so we can run Tapestry reports on our visitors.

Web Site

- We had 23,435 unique visitors to www.kenaipeninsula.org in 2006, and 3512 people downloaded the guide online.
- We are in the process of developing an RFP for a redesign of our web site.

Committees:

- Serve on the Marketing Committee of Alaska Travel Industry Assoc.
 - Sit on the Collateral Sub-Committee and Research Sub-Committee
- Serve on the Industry Appreciation Day Committee
- Served on the Kenai River Classic Committee as co-chair of Day Activities and the Auction Committee

2006 Board of Directors

President: Paul Carter, Hotel Edgewater, Seward

Past President: Roark Brown, Homer Ocean Charters, Homer

Vice-President: Steve Anderson, Soldotna B&B Lodge, Soldotna

Treasurer-Secretary: George Heim, Alaska River Adventures, Cooper Landing

Marketing Chair: Mya Renken, Kenai Convention and Visitors Bureau, Kenai
Patrick Cashman, Lands End Resort, Homer

Joe Connor, Big Sky Charter & Fish Camp, Sterling

Laura Cloward, Seward Chamber of Commerce, Seward

Heather Dunbar, Ididaride Sled Dog Tours, Seward

Derotha Ferrero, Homer Chamber of Commerce, Homer

Michelle Graves, Soldotna Chamber of Commerce, Soldotna

Lisa Kruse, Alaska Heritage Tours, Borough Wide

Karen McCarty, Homer Travel, Homer

ALASKA
KENAI PENINSULA

Staff

Executive Director: Shanon Hamrick

Membership and Marketing Advertising Manager: Teresa Nichol

Administrative Assistant: Cassie Mills-*Part Time, approx 24 hrs. per week.*

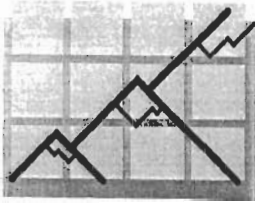
Book Keeping: Melinda Norman-*Part Time, approx 24 hrs. per week.*

Fulfillment: Jesse Honrud-*Part Time, approx 10-15 hrs. per week.*

Submitted by:

Shanon Hamrick

Executive Director KPTMC



Kenai Peninsula Small Business Development Center

Red Diamond Center
43335 K-Beach Road
Suite 16
Soldotna, Alaska 99669

SOLDOTNA (907) 714-2331
HOMER (907) 235-7440
SEWARD (907) 224-8051
FAX (907) 262-6762

CENTERS

ANCHORAGE
FAIRBANKS
JUNEAU
KENAI PENINSULA
MATANUSKA-SUSITNA
RURAL OUTREACH

PROGRAMS



A partnership program
of the University of
Alaska Anchorage and
the US Small Business
Administration

July 11, 2006

Mayor John Williams
Kenai Peninsula Borough
144 N. Binkley Street
Soldotna, AK. 99669

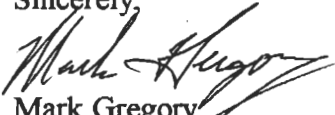
Dear Mayor Williams,

I have enclosed the quarterly report for the Kenai Peninsula Small Business Development Center for your review. This report is for the third quarter in FY06 (April 1, 2006 – June 30, 2006). The period ended another great quarter of counseling. Our area small businesses have shown considerable economic impacts through a number business acquisitions and new business startups. It is a tribute to our small business community. I feel honored to serve small businesses on the Peninsula.

During this period, the Kenai SBDC counseled 78 clients with an average of 2.83 hours each and provided 11 training activities with 76 attendees served in workshops during the quarter. Clients in need of funds received \$872,000 during the quarter. Clients assisted during the quarter reported 16 jobs created. Ten new startup businesses in our area were also reported during the quarter.

As demonstrated in this report, the Kenai Peninsula Borough's investment in small business demonstrates ongoing and measurable growth in our local economy. Thank you again for your support of small business.

Sincerely,


Mark Gregory
Peninsula SBDC Director

**Kenai Peninsula
Small Business
Development Center**

Third Quarter Report, FY06

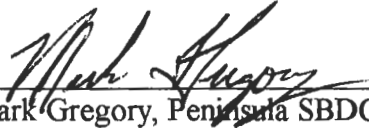
April 1, 2006 through June 30, 2006

Presented to:

Alaska Small Business Development Center
430 W. 7th Ave. Ste. 110
Anchorage, Alaska 99501-3550

July 10, 2006

I certify that to the best of my knowledge, the information contained herein is accurate and reflects the activities executed by the Peninsula SBDC during the Third Quarter FY 06.



Mark Gregory, Peninsula SBDC Director

Date 7-10-06

100 Advocacy

The director spoke at a Soldotna Chamber of Commerce lunch meeting on April 11, regarding SBDC services and upcoming workshops. Additional questions and answers from the business community included interest in the SBA Community Express Loan Program.

The director negotiated a new lease contract with Red Diamond Center owner, Eric Watkins during the month of April. Negotiation with the Kenai Borough Mayors Office and with UAA resulted in a successful relocation of the Peninsula SBDC Office on April 14.

The director presented the 2007 budget request to the Kenai Peninsula Borough Assembly on May 16 which included advocating for SBDC continued services to the community. The budget was approved by the Assembly on June 6.

The director attended a Kenai Chamber of Commerce lunch meeting on May 24, with Robert Brunett, Government Contract Specialist with the Procurement Technical Assistance Center. Advocacy for small business and government contract services were discussed with Kenai Mayor Pat Porter, and government contracting follow-up with small businesses continued from this outreach.

200 Capital Formation

The center hosted a successful financing forum with Northrim Bank and the State of Alaska, Division of Investments on May 19 with 10 small business owners in attendance. Loan programs with the State Division of Investments commercial fishing, small business and rural development programs were outlined. Northrim's presentation highlighted information on accounts receivable factoring and commercial loans.

SBA and the BLX Community Express Loan Representatives presented a SBA BLX Loan Fair on April 27 with 12 small business owners in attendance. A total of 15 applications were submitted by the center during the quarter, seven of which were approved totaling \$205,000. Five of these funded businesses were startups that allowed these clients to successfully start their business.

700 Procurement

An all day *Seward Small Business Fair* was held on May 11 at the Hotel Edgewater in Seward. This included a one-hour presentation on procurement services and how to do business with the government as presented by PTAC. There were 10 people in attendance.

The director and administrative assistant met with Robert Brunett, PTAC Counselor on May 24 to discuss the marketing procurement services with businesses on the Kenai Peninsula. A system of forwarding government contracting opportunities to the center for

promotion to area clients was developed and has successfully increased client awareness and interest in the PTAC Program.

The center continued to host counseling monthly between area clients and the *PTAC* program to assist small business interests with government contracting.

800 Special Emphasis Groups

The director spoke at the Homer Rotary lunch meeting on June 15 regarding SBDC services and work in developing the business community of Homer. Presentation was assisted in power point presentation that generated a very interactive discussion. A primary desire expressed by the group is the need for high-speed Internet and fiber optic connectivity for small business needs in the Homer area.

900 Economic Development

The director attended a presentation by Governor Frank Murkowski on oil and gas presented on June 6 at the Soldotna Sports Center. Discussion with hundreds of small business people attending the event took place during and after the lunch regarding future opportunities on the Kenai Peninsula.

1100 Other Activity

It took nearly one week to move and reorganize the SBDC office to a new location in the Red Diamond Center, which required the Center be closed only one day. This well facilitated move resulted in almost no disruption in client services.

1200 Success Stories

The director assisted a client with loan packaging and financial projections that led to the successful acquisition of a \$502,000 SBA 504 loan to purchase a local business.

The director assisted a service company in the central peninsula with counseling and business planning that enabled a \$26,000 SBA Community Express Loan to start his business. The client reported one full time job from this startup.

The director assisted a restaurant service company in the central peninsula with counseling that led to a successful SBA financing of \$30,000. The owner reported that one full time job would be retained as a result of this financing.

The director assisted a fish processing company with counseling that led to a successful SBA financing of \$30,000 for working capital to start his business.

The director assisted a sports fishing guide with successful startup of his business on the Kenai River. The client reported two seasonal jobs created from this startup and \$5,000 in grant capital from the State of Alaska.

The director assisted a janitorial business with business planning that led to a successful business startup. One full time job has been created from this startup.

The director assisted a handyman business with counseling that led to the successful start of his business that has created one full time job for the owner.

The director assisted a Kenai client with financial analysis and business planning to acquire a tourism business in the Bahamas. The client reported successful private financing of \$60,000 to acquire the business.

1300 Travel

Date	Traveled To	Reason for Travel
April 4	Homer, Alaska	Counseling Appointments
April 13	Seward, Alaska	Counseling Appointments
April 18	Homer, Alaska	Counseling/ Workshop
May 2	Homer, Alaska	Counseling Appointments
May 23	Homer, Alaska	Counseling/ Workshop
June 1	Seward, Alaska	Counseling Appointments
June 15	Homer, Alaska	Counseling / Speaking Engagements
June 27	Homer, Alaska	Counseling Appointments

1500 Financial Reports

See attached report.

1600 Women-Owned Businesses

The director assisted a woman with business planning, budgeting and loan packaging to acquire a \$50,000 SBA Community Express Loan for startup of a service company. The client will create one full time job as result of this startup.

The director assisted a medical services company with counseling and planning that led to the acquisition of \$24,000 for working capital to assist the start of their office in Soldotna. At least one full time job will be created as a result.

The director assisted a woman owned restaurant in the central peninsula with business planning that resulted in their successful startup this quarter. A minimum of two full time

jobs will be created from this business, and the client reported \$75,000 in Non-Debt Financing. Additional impact will likely be included in future reporting.

The director assisted an established woman-owned business with counseling that led to the successful SBA financing of \$25,000 for needed working capital to expand her business.

1700 Economic Impact

The Kenai director assisted in the following areas of economic impact.

Jobs: Created	<u> 14 </u>	
Retained	<u> 2 </u>	
Loans: SBA	# <u> 9 </u>	\$ 732,000
Non-SBA	# <u> 1 </u>	\$ 60,000

Non-Debt Financing \$80,000

New Business Start-Ups: 10

Information Transfers: 837

Public Assistance Clients Counseled: N/A

Public Assistance Workshop Attendees: 9

2000 Online Activity

The center tracked five new clients during the quarter that signed up for Activeplans free online software that enables business plan development and review by the director.

Environmental Indicators and Economic Drivers

Sales Overview

Five sectors experienced double-digit sales declines when comparing first quarter 2006 with first quarter 2005. Reported manufacturing sales dropped 38.4% from \$34,020,432 to \$20,966,623, a \$13,053,809 sales decrease. Sale of wholesale goods dropped similarly, 31.6%, from \$37,234,787 to \$25,473,071, or \$11,761,716. Agriculture, Forestry and Fishing (AFF) sales were down 26.7% to \$2,181,655 from \$2,976,106 a year ago. Construction sales topped out at \$34,183,558, down 19.4% from one year ago when sales totaled \$42,413,732. Sales in Transportation, Communication and Public Utilities (TCPU) fell 11.3% from \$58,387,141 to \$51,814,276, down \$6,572,865. Two sectors marked lesser percentage losses: Mining sales dropped 4.8% to \$37,901,565 from \$39,831,609 while sales in the service sector decreased 0.3% to \$45,992,189, down a minimal

\$155,724. Sales in the Finance, Insurance, and Real Estate (FIRE) sector increased 13.9% or \$1,666,515, to \$13,613,501. The 7.3% expansion in retail sales provided \$140,855,975 in sales, a \$9,638,102 gain over the 2005 first quarter total of \$131,217,873. Government sales increased 54.3% but the \$23,470 in sales is not of consequence in the \$373 million total picture. (See page 15 for detail.)

Taxable by Industry Taxable sales increased 7.1% for the quarter, a gain of \$10,215,864 to reach \$154,571,723. The \$6,190,602 gain in retail sales, equivalent to 7.2%, is certainly influenced by the Arctic Winter Games hosted by the Borough during the quarter. First quarter 2005 retail sales totaled \$85,828,886 while first quarter 2006 totaled \$92,019,488. Three sectors had declining sales for the period. Construction sales decreased 6.9% to \$1,931,918, down \$142,548. The mining sector, which has minimal taxable sales, lost \$67,337 or 6.2%, to total \$1,020,493. Taxable sales in the manufacturing sector reached \$1,329,943, down 1.1% or \$14,460 from one year ago.

Quarterly Construction Permitting

Forty-one construction permits were issued in KPB cities during first quarter 2006, a 29.3% decrease from first quarter 2005 when 58 permits were issued but four permits greater than 2004 when 37 permits were issued. Total permit value increased 5.1% to \$6,803,158. The first quarter record year, 1995, resulted from permitting the Seward SeaLife Center. Data in this section does not include construction activity outside incorporated cities of Homer, Kenai, Seldovia, Seward and Soldotna because the KPB does not require building permits. As a result, much of the construction activity noted while driving through the area is not reported here.

Employment

KPB's January 2006 labor force had 23,700 persons, increasing to 23,853 potential employees during February and 23,993 during March. The March 2006 labor force was 101 persons smaller than one year ago. There were 2,557 unemployed persons in the KPB during January 2006.

Population

Population estimates for 2005 show the Kenai Peninsula population at 51,268 persons, a 0.6% increase for the year as Seldovia challenged the AK DOL&WD estimate and increased their count. Since Census 2000, the KPB natural increase (births minus deaths) has been a gain of 1,723 persons, and since the 2004 estimate, 320 persons. Since Census 2000, the net migration (persons coming and going) is a loss of 190 persons while in the last year 349 persons have left the Kenai. Since the 2004 estimate, Homer has gained 1.9% to 5,435 persons while Kachemak City lost 3.8% to a total of 457 persons. Kenai also decreased, losing 0.5% to 6,777 residents. Seldovia City increased 9.1% to 287 and Seward gained 2.6%, to 2,606 persons. Soldotna's population increased 2.7% to 3,869. Alaska's population, estimated at 663,661 for 2005, marked a 0.9% increase for the year. (See page 46 for detail.)