

Rural entrepreneurs get secured loans from DCRA

JUNEAU — A furnace repair shop in Bethel, a power equipment business in Galena and a diaper service in Juneau are the first three businesses to take part in a pilot program designed to encourage Alaskan entrepreneurs, according to David G. Hoffman, commissioner of the Department of Community and Regional Affairs.

The enterprises secured loans through the department's new Rural Development Fund, designed to help small, emerging businesses in rural areas grow by providing loans for operations and needed equipment and inventory.

"These businesses show great promise," said Hoffman. "Each offers to fill a void in their community and provide needed jobs. Their only handicap for getting private financing appears to be a lack of a long track record. These loans will help sustain the businesses long enough to get the experience private lenders demand."

The Rural Development Fund was created by the Department of Community and Regional Affairs to provide additional sources of capital for businesses in rural Alaska. The program is targeted at businesses which cannot obtain all the necessary funds through private sources.

Funds must be used to finance business projects which will increase employment of low to moderate income residents.

Each loan application is reviewed by department staff before being forwarded to the loan committee. Each loan must be secured by adequate collateral.

Loan committee members include Bill Howe, formerly president of Sealaska Corp. and vice president of Rainier Bank; Joe Beedle, executive vice president of Key Bank of Alaska; and Perry Eaton, chief executive officer of Community Enterprise Development Corp.

The initial loans were made to:

- The Furnace Doctor, Bethel, \$20,000 for the purchase of a new service van and inventory. This business fills a need in Bethel for a locally based trained furnace repair service. The additional spare part inventory is considered critical in an area where winter temperatures plunge below zero for weeks. The projected need for this service in the community and nearby villages is expected to create several new jobs.

- The Transporation Co., Galena, \$25,000 for building expansion expenses and machinery. This retail sales and service business for boats, motors, snow machines, ATVs and power tools provides service in Galena and the surrounding 75-mile area. The increased working and storage space and a cylinder milling machine will give the business the capacity to handle local demand and is expected to create two local jobs.

- The Bottom Line, Juneau, \$21,000



for the purchase of additional equipment, supplies and working capital for a diaper service. With growing concern nationally about the impact of disposable diapers on landfills, this business fills the need in Juneau for an environmentally sensitive alternative. The business provides regular diaper service with pickup and delivery at a lower cost to consumers than the disposable alternative. The Bottom Line will provide three to five new jobs for handicapped and disadvantaged individuals in a monitored setting.

The Rural Development Fund offers loans of up to \$100,000 at an interest rate of 7 percent.