



AN ECONOMIC DEVELOPMENT STRATEGIC PLAN FOR THE CITY OF SOLVANG





City of Solvang Economic Strategic Plan

Solvang City Council

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INTRODUCTION

A city's role in economic development is distinct from that of business. Business mobilizes human and financial capital, and physical and natural resources to create marketable goods and services. In so doing, business takes risks and, if successful, makes a profit. The city's role, on the other hand, is to influence and accommodate business investment decisions by:

- Investing in supporting infrastructure
- Adopting supportive taxing and regulatory policies
- Providing high levels of customer service, being “business friendly”
- Creating smart, sustainable incentives
- Understanding trends in the local economy
- Communicating with the business community

If the city is successful it encourages job creation, generates the revenue to support and sustain local services, and improves the community's quality of life.

Like many American communities during this period of economic uncertainty, the City of Solvang chose to enhance its role in the economic development of its community. There is much at stake in this effort and by continuing to make wise choices and actions, the City will make an important contribution to Solvang's economic viability and the high quality of life enjoyed in its very unique built environment. This Economic Development Strategic Plan (EDSP) presents a list of actions that the City of Solvang can take in this direction to further build on the base of actions it has already taken. The plan also reflects as much as possible the ideas and priorities expressed by both the public and private stakeholders who participated in the initial information-gathering phase of the project.

It's important to remember that successful economic development planning requires that a community takes the “long view”. Many great economic development plans end up collecting dust in a city storage room not because of lack of noble intent or initiative but because expectations were unrealistic, particularly in regard to the time it would take to see success. A steady effort at implementation, frequent review of progress by community leaders and the willingness to amend a plan as the environment changes greatly enhance the likelihood of success.



BACKGROUND

In February 2010, an economic development assessment of the City of Solvang was carried out by a volunteer team of economic development professionals convened by the California Association for Economic Development (CALED). In response to the key recommendations of the CALED team, the City established a group of stakeholders and policy makers to guide the City's economic development efforts. This Economic Development Committee has met monthly since April of 2010, discussing a variety of economic development issues relative to Solvang and the Santa Ynez Valley. Since its creation, the committee has made several recommendations to the Solvang City Council including requesting a review of the City's Sign Ordinance which resulted in the creation of a Sign Ordinance Subcommittee.

The City of Solvang recognizes the importance of economic development and has made improvements towards improving its processes to that end.

In order to provide better customer service to new businesses, staff has revised the review process for Business Certificate applications. In the past, some business owners have believed that issuance of a Business Certificate meant all City requirements were addressed, and signed leases based on this presumption. Requirements for tenant improvements and signage, particularly for accessibility, were discovered afterward which is detrimental to development of a successful business plan.

Businesses which are opening a new store or facility now make application at the Community Development Department. Building and Planning staff meet with business owners to review zoning, signage regulations, tenant improvements plans, and other matters related to occupying a new space. Providing this information with the Business Certificate applications helps business owners develop their improvement and signage plans early in the business development process.

In 2011, the City created and staffed the position of Planning & Economic Development Director. The incumbent joined the newly hired Associate Planner and Code Enforcement Officer, as well as the City's experienced Building Department staff. This new team has made improvements to customer service by using any flexibility allowed by the City codes to customize processes and solutions to meet businesses' needs. The team had also reached out to the Chamber of Commerce, the Solvang Conference &

Visitors Bureau, and business groups to form public/private partnerships toward economic development.

The City Council approved revisions to the Sign Ordinance in March of 2012. The revisions provide additional opportunities for signage, and enable the Board of Architectural Review to approve exceptions to the ordinance if unique conditions exist. In order to provide a user-friendly Ordinance, a new format was included. The new format includes tables to summarize regulations, individual pages with photographs and details regarding each type of sign allowed, and updated definitions and terms. Staff will be able to use pages of the new ordinances to prepare customized information packages for customers.

The City Council also recently adopted new sewer and water connections fees. Fees are now calculated based upon meter size, instead of plumbing fixtures and restaurant seating. These changes have removed financial impediments which negatively affected tenant improvements and restaurant expansion.

One of the Planning & Economic Development Director's first actions was to create this Economic Development Strategic Plan, an initiative also supported in the recommendations of the CALED team.

The first step in the strategic planning process was to gather the input of local economic and policy stakeholders. Representatives from civic, service, retail and hospitality groups met in four workshops to participate in a SWOT (**S**trengths, **W**eaknesses, **O**pportunities and **T**hreats) analysis of Solvang. Participants from each group were asked to share their perceptions of Solvang's strengths and weaknesses, and then to offer their perspectives on what they view as Solvang's potential opportunities and threats.

While input from each of the groups included perspectives unique to that group, shared concerns and themes arose across all four of the groups. And although opinions varied, a strong sense of civic pride was evident among all participants in the workshops. In addition to the SWOT workshops, several individual interviews were conducted with other business, civic, and policy leaders.

The fact that Solvang is largely built out makes strategic planning for economic development particularly challenging and creates a need for greater focus on infill

opportunities, small business assistance, capital formation, the leveraging of external resources and broader regional cooperation.

The following Strategic Plan is organized around five initiatives. While each initiative stands on its own from an implementation standpoint, they are all very interdependent. For example, the success of efforts to support the retention and expansion of Solvang businesses is very much dependent on City continuing its recent significant efforts to streamline its processes and welcome new investment. The fifth initiative which advocates for the attraction of new businesses to Solvang is particularly dependent on the successful implementation of the other four. A welcoming business environment, sensible land use policies, strategic infrastructure investment and sustainable business attraction policies will be indispensable components in the successful expansion of the city's economic base and essential to making Solvang an attractive choice for new business location.



Initiative #1: Strengthen & expand diversity and opportunity in Solvang’s retail and service economy

Goals

- To encourage greater economic diversity and entrepreneurial opportunities
- To support the continued authenticity of Solvang’s Danish identity within the Village core
- To increase demand for underutilized retail/commercial space
- To encourage more resident-serving commercial activity
- To provide greater incentives for increased evening activity in the Village area

Actions

1. Review and redefine the physical boundaries of the Village as originally drawn in the General Plan of 1988
2. Permit greater flexibility in architectural design and other standards and uses in the periphery of the current TRC, particularly in those areas where properties are underutilized and economically underperforming. Consider encouraging niche uses in the periphery by creating “districts” for art galleries, antique vendors, craft artisans, artists and food artisans. Review and revise permitted uses (zoning) as necessary to expedite targeted uses in the periphery.
3. Support the more defined and compact Village through the following actions:
 - a. Improve the adequacy of street lighting where necessary
 - b. Install directional signage at entries to the Village
 - c. Using the general concept embraced by the Tivoli Square Task Force, provide temporary closure of the Village block as proposed in the Tivoli Square study on weekends and the high tourist season
 - d. Revise encroachment permitting to expedite outdoor dining and other pedestrian-friendly activities and attractions in the “Square”
4. Explore feasibility of annexation(s) to expand Solvang’s commercial development options

Initiative #2: Strengthen Solvang’s appeal to a broad cross section of visitors

Goals

- Strengthen opportunities for Solvang to become a year around choice for small conventions and other meetings of business and non-profit groups, particularly during mid-week during the off-season
- Create a venue that serves both Solvang and the greater Santa Ynez Valley region and becomes a catalyst for increased patronage of Solvang’s retail and hospitality sectors

Action

- Pursue development of a conference center, possibly at the location of the existing Veterans Memorial Hall

Initiative #3: Adopt more business-friendly policies and processes to encourage new investment and support business expansion

Goals

- Continue to refine and improve the “front counter” experience for businesses seeking information and permits from the City
- Increase the pace and efficiency of the permitting process

Actions

1. Create a new “business packet” for new businesses
2. To the extent possible, provide applicants with as clear and complete explanations and instructions for getting through the permitting process as possible
3. Develop policies & procedures that enable counter staff to help applicants minimize costs when multiple fees are involved

4. Develop policies & procedures that give greater discretionary powers to counter staff to issue approvals on routine BAR issues and standards, particularly related to signage and color schemes
5. Improve communication with the business and real estate communities to assure they are aware of the changes and improvements to the permitting process and that the City is “open for business”
6. Seriously explore the feasibility hiring an in-house plan checker
7. Encourage “green” development projects by providing incentives such as reduced permitting fees for buildings that meet LEED certification standards

Initiative #4: Promote and support business retention and expansion

Goals

- Provide new and existing businesses with comprehensive information about the community and region and available resources for business assistance
- Provide timely technical assistance to existing and new businesses

Actions

1. Establish an economic development partnership with the Solvang Chamber of Commerce, Allan Hancock College, Solvang Conference & Visitors Bureau, Small Business Development Center (SBDC) and others to promote business retention and expansion
2. Publish an annual comprehensive Economic & Demographic Profile of Solvang
3. Develop an Economic Development page on City website
4. Support the development and promotion of workshops and conferences on topics of interest to local business
5. Provide a venue for the small business services of Small Business Development Center (SBDC) consultants and Service Core of Retired Executives (SCORE) mentors
6. Determine the extent of home-based business activities in Solvang and determine what assistance they might need to grow

7. Encourage commercial & retail property landlords and brokers to list current information about available properties on the Economic Development page of the City's website, <http://www.cityofsolvang.com>
8. Consider updating/revising the City's logo

Initiative #5: Support the targeting and attraction of new businesses that complement Solvang's commercial character, leverage regional assets and/or serve local residents

Goals

- Expand Solvang's economic base
- Provide a broader selection of goods, services and attractions
- Promote greater leveraging of regional assets and attractions, e.g. wine touring, cycling and other outdoor recreation, the nearby lakes and beaches, etc.

Actions

- Form a task force of stakeholders to clearly define and oversee the process
- Retain the services of a tenant mix expert and/or other retail specialist to help determine what types of businesses would best complement Solvang's retail and hospitality base and which would be most likely to consider a Solvang location
- Develop a Marketing Plan with identified sources of funding and the clearly-defined roles of the City and its economic development partners



OTHER THINGS TO CONSIDER

A reading of twenty years' worth of economic development reports and strategies focused on Solvang reveals several recurring themes and concerns that were also expressed during the SWOT Analysis workshops held in preparation of this Strategic Plan. While this Plan focuses primarily on the actions most appropriate for the City to undertake, there remains an abundance of ideas worthy of further discussion in the appropriate forums.

Recurring issues such as early store closures, lack of night life, the attraction of more affluent visitors, longer visitor stays, and so on, seem appropriate initiatives for the leadership of Solvang business groups, certainly with the encouragement of the City. However, many of the most interesting opportunities that arose during the workshops and interviews require that Solvang broaden its regional thinking and look beyond its city limits for strategic partners with common interests.

Clearly, the growth of tourism in the Santa Ynez Valley over the past few decades has significantly benefited Solvang, and this benefit has been reciprocal. The entire region benefits from the strengths and successes of each of its component communities. While individual businesses may fear the competition of similar enterprises in neighboring communities, the overall success of the region is a net positive for Solvang. As an example, transient occupancy tax (TOT) revenues for Solvang in FY 1995/96 were approximately \$950,000. Fifteen years later, in FY 2010/11, they had reached nearly \$2.5 million, a 163% increase. During that same period, sales tax revenues grew by only 11%. While the relatively pale increase in sales tax revenues reflects several years of recession and slow economic recovery, the marked increase in TOT revenues can in part be attributed to external factors such as wine touring and the development of the nearby casino. The fact that Solvang had 13 wine tasting operations at the date of this writing also attests to the broadening of the region's appeal.

A recent study of visitors to Solvang during the 2011 fall quarter indicates that they enjoy an average median household income of 167% of that the US as a whole and nearly 150% of that of the state as a whole. According to the most recent data on Solvang visitor incomes, approximately 34% of visitors to the city had total annual incomes of \$100,000 or more.

A cursory glance at Solvang's economic performance since the beginning of the recession indicates that it has held its own fairly well. Like other popular California

destinations, it is experiencing a more cautious and frugal visitor. By encouraging greater diversity in its retail and service offerings, as this Plan recommends, and by encouraging the development of new regional attractions, whether within the City or in proximity, Solvang stands to benefit significantly by potentially increasing its share of more affluent visitors.

One such development that has been suggested is a year around, high quality venue for the performing arts that could attract performances of “marquee value”. Additionally, it is suggested that the production of annual festivals of the arts and music could attract broader, more affluent audiences. While such undertakings are not the responsibility of municipal government per se, the City of Solvang, in collaboration with its economic development stakeholders, could take the lead in convening a summit of regional partners to discuss these ideas and other regional issues of mutual concern and interest.

Certainly one regional partner with common interests is the Chumash Casino Resort. Throughout the SWOT Analysis workshops, its presence was regarded as “strength.” It is recognized that the casino draws visitors and that Solvang businesses benefit as a result. However, it was also noted that Solvang and the casino resort complex share a dependence on the same infrastructure and services. Any significant change in the operations of one neighbor will have an impact on the other, whether positive or negative.

Given this strong symbiotic relationship, continuing to work closely and collaboratively with the Chumash is critically important for the mutual benefit of both parties. Therefore, it is recommended that any economic development partnership as envisioned in this Plan, welcomes the participation of the Chumash as an important regional stakeholder and investor in the community.

