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Economic Development (ED)

A guiding principle in the General Plan is that Solvang’s resilient, diverse, and sustainable economy should support both existing and new locally-owned businesses, including community-supported tourism. This element includes policies to promote a vibrant business mix, supportive workforce development, 21st century communications infrastructure, regional collaboration to connect Solvang to the broader economy and enhance the fiscal health of the community.



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Economic Development

Tourism

Tourism is the largest sector in Solvang's economy, accounting for one third of jobs and nearly two thirds of the City's General Fund revenue. It is estimated that Solvang received more than 1.5 million visitors in 2019, about 8.2 percent of the County total of 18.8 million visitor. Solvang visitors spent about \$132.7 million in the City for accommodations, retail goods and services, restaurants and entertainment. According to the Solvang Chamber of Commerce, about 85 percent of visitors come from California locations, with New York, Arizona, Washington, and Texas rounding out the top five origins for Solvang visitors.

Commercial Services

Retail establishments are the second largest employer in the City and serve multiple roles for the community. They serve as places of commerce, while simultaneously adding to the quality of life by providing goods and services to local residents, visitors, commuting workers, and other businesses. Retail stores generate sales tax revenue that helps support public services and local government operations.

Fiscal Health of the Community

Strong fiscal health is essential to providing a high level of public services and community amenities that contribute significantly to the quality of life in Solvang. Tourism and local serving retail businesses both generate much of the needed tax base for Solvang to fund services for the community. However, it is important to have a diversified economy to add strength and resiliency during economic downturns.

Although Solvang has a relatively small resident population the median household income is higher than both the County and the State. There is a high percentage of home ownership and that generates property that supports the city as well.

Labor Force

Solvang had almost 3,100 residents employed in the labor force in 2019. Residents in Solvang are most commonly employed in the tourism-related sector (arts, entertainment, recreation, retail, accommodation and food service),



but about one third of residents are in jobs related to manufacturing, professional, scientific, and management and administrative services. Educational services, health care and social assistance also employ a significant number. Solvang generally has a lower unemployment rate than the countywide average, but this can change dramatically during cycles when tourism is down.

Attracting, developing, and retaining qualified workers is a challenge for many local businesses and the need for workforce housing, relevant education and training opportunities and transportation solutions that meet the needs of a widely dispersed workforce are paramount. These complex problems require collaboration among the development and business community, the City, educational institutions, and a variety of local and regional organizations who can pool expertise and resources to achieve innovative solutions.

Solvang's Place in the Regional Economy

Solvang is part of the regional economy. Santa Barbara County and the Central Coast make up a noteworthy part of California's tourism market and Solvang is a significant contributor. At the same time, Solvang benefits from other attractions in the area such as wine country, the Chumash Casino, and beach communities along the coast. Local residents are also employed in major work centers in the area such as Vandenberg Space Force Base and the business parks throughout Santa Barbara County. Local businesses have the opportunity to serve some of these broader regional markets beyond, or in addition to, local tourism and retail shoppers. Regional collaboration for economic development can be an effective means of leveraging the City's limited resources to improve the prosperity and quality of life for local businesses and residents.

Economic Infrastructure

While Solvang provides a quaint old-world respite for travelers and residents, it must also be prepared to offer 21st century infrastructure and services such as high-speed broadband capacity and future-oriented transportation infrastructure. It is a competitive economic environment and retail, entertainment, and services are having to become ever more creative to stay at the forefront of the consumer market.

Goal ED-1: Community Supported Tourism

To provide a unique and attractive visitor experience that highlights the cultural heritage of Solvang and the surrounding region and offers world class amenities appropriate to the scale of the community.

Policies

- ED-1.1: City Beautification.** The City shall invest in the beautification of the City and efficient and appropriate wayfinding signage to offer the best possible visitor experience.
- ED-1.2: Destination Image and Amenities.** The City shall encourage the development of modern services such as electric vehicle charging stations and high-speed internet availability.
- ED-1.3: Visitor Facilities.** The City shall support the development of facilities that would attract business travel and other mid-week trade, such as a conference center or other meeting facilities.
- ED-1.4: Visitor Attractions.** The City shall work with the Chamber of Commerce, other organizations, the business community, and cultural institutions to offer a wide range of visitor experiences such as evening activities, agri-tourism, museums, galleries, wine tasting and breweries.
- ED-1.5: Marketing.** The City shall support the coordination of local and regional tourism marketing efforts and events to ensure efficient visitor attractions that reaches diverse markets.
- ED-1.6: Public Facilities.** The City shall encourage comfortable and useful public facilities to support a positive visitor experience, including parking, restrooms, public gathering spaces, water fountains, and pedestrian spaces, etc.



Goal ED-2: Entrepreneurship and Jobs

To encourage a vibrant mix of businesses that supports the tourism economy while also providing essential services for residents and living wage job opportunities.

- ED-2.1:** **Business Start-ups.** The City shall ensure that City permitting processes are conducive to business start-ups and expansions.

- ED-2.2:** **Business Development.** The City shall work with the Chamber of Commerce, event coordinators, and other economic development organizations to encourage locally owned businesses and attractions that complement the unique and distinctive character of the Solvang community.

- ED-2.3:** **Business Attraction.** The City shall work with other organizations like REACH and the Chamber of Commerce to encourage new businesses and visitor attractions that would enhance the existing business mix to benefit both local residents and visitors.

- ED-2.4:** **Remote Work Opportunities.** The City shall promote Solvang as a location for remote work opportunities by working with the hotels and other businesses to provide access to broadband and strategic workspaces around the city.

- ED-2.5:** **Light Industrial Jobs.** The City shall consider opportunities for compatible industries with long-term viability in the City's industrial zones within the Urban Growth Boundary and Sphere of Influence.

Goal ED-3: Workforce Development and Support

To expand education and training opportunities for local workers as well as housing and transportation options that support employees of all income levels.

Policies

- ED-3.1:** **Workforce Training.** The City shall encourage area colleges, community groups and training agencies to establish programs that would benefit the Solvang workforce.

ED-3.2: Workforce Housing. As part of the City's overall housing goals, the City shall encourage housing designed and priced to be affordable to workers employed in Solvang, particularly in new mixed-use developments.

ED-3.3: Transportation. The City shall support efforts to improve local and regional transit options to increase worker accessibility to job opportunities in Solvang and the broader region.

Goal ED-4: Regional Collaboration

To ensure that Solvang remains a vital member of the regional economy through collaboration with economic development and planning partner agencies.

ED-4.1: Business Expansion. The City will coordinate with the Chamber of Commerce, event planners, vintner organizations and REACH to encourage businesses to expand in Solvang and not in the surrounding communities.

ED-4.2: Economic Infrastructure. The City shall support regional efforts to establish future-oriented infrastructure systems and human capital resources that can benefit Solvang, such as sustainable energy, improved broadband, expanded transportation options, workforce housing and workforce training.

Goal ED-5: Fiscal Health

To maintain a vibrant economy that provides a strong and resilient fiscal foundation for City Government.

ED-5.1: Tourism Funding. The City shall continue to support local and regional tourism promotional funding efforts.

ED-5.2: Fiscal Management. The City shall recognize the important but volatile fiscal benefit of the tourism industry for Solvang by maintaining strong budget reserve policies to help weather economic downturns.

ED-5.3: Local Financing Programs. The City shall support financing mechanisms such as assessment districts to facilitate business and property owner financing of new facilities to support economic development.