



TO: Mayor and Councilmembers

SUBMITTED BY: Robert Nisbet, City Manager

PREPARED BY: Shannon Kirn, Assistant to the City Manager

SUBJECT: Economic Development Strategic Plan – Old Town Initiatives

RECOMMENDATION:

- A. Initiate the Old Town Pride of Place Grant Program and provide direction to staff on any other economic development initiatives.
- B. Find that the Old Town Pride of Place Grant Program is not a gift of public funds.

BACKGROUND:

On October 1, 2024, the City Council received an update on the 2023-2028 Economic Development Strategic Plan and provided direction to staff on economic development initiatives for Old Town. The City Council discussed initiatives including a grant program, general business license fee waiver program, community events, and other agency resources through the Economic Development Collaborative Small Business Development Center (EDC SBDC). The City Council approved the implementation of the general business license fee waiver program and directed staff to work with the Economic Development & Revitalization Committee (Committee), community stakeholders, and WEV to develop a grant program and/or other initiatives to support Old Town Goleta.

On December 11, 2024, the Committee met to discuss the Old Town Small Business Assistance Program Initiatives and recommended to move forward with the Old Town Pride of Place (POP) Grant Program. The POP Grant Program could provide the businesses an opportunity to collaborate and take pride in ownership in investments in Old Town and their businesses. The Committee provided feedback to staff to bring a final draft of the POP guidelines with a clear timeline, an update on the business license waiver program, and one or two other potential initiatives for the Council to consider.

DISCUSSION:

Old Town Business License Fee Waiver Program

After the October 1, 2024, City Council meeting, staff requested \$50,000 back from WEV to support the Old Town Business License Fee Waiver Program. Since then, the City's

Finance Department, in collaboration with other key staff, has developed an “Old Town Initiatives Map” and begun integrating the program into the City’s business license application system within the City’s permit tracking software. This integration will help identify Old Town businesses that qualify for the fee waiver. Additionally, staff is in the process of developing a new mechanism within the business license application system to trigger an automatic fee waiver during the application process for eligible businesses within the Old Town neighborhood. Beta testing for this program is expected to begin in early February 2025, with a go-live start date targeted at the beginning of March 2025. The program will run for one year from the start date. See Attachment 1 for the draft letter that will be sent to the businesses receiving the fee waiver.

Economic Development Initiatives for Old Town

At the December 11, 2024, Committee meeting, the Committee discussed the POP Grant Program guidelines and criteria, the outreach conducted to get input from Old Town businesses and heard from members of the public who participated in public comment. A summary of the business outreach can be found in Attachment 2. The Committee also discussed the potential to change the current Streamlined Loan Program by making it interest free; however, the Committee did not recommend moving forward with any loan program at this time.

The Committee recommended using a portion of the remaining Streamlined Business Loan Program funding (approx. \$145,000) for the POP Grant, to be administered and managed by the City. The Committee discussed a potential 50-50 breakdown of the funds with half for the POP Grant and the other half for a different initiative, however the Committee did not recommend that split, and instead requested staff to present an alternative breakdown for Council to consider. Staff is proposing to use \$120,000 of the estimated \$145,000 to be available for the POP Grant which would leave approximately \$25,000 for another initiative(s). If \$120,000 was allocated with an average grant award estimated at \$6,000 per recipient, approximately 20 recipients/businesses could receive a grant. The Committee recommended to not put a cap on the maximum amount a recipient may receive because multiple businesses could apply for a grant together and the amount could vary depending on the proposal.

See Attachment 3 for the full POP Grant Program Guidelines. A summary of the proposed general guidelines and criteria are listed below:

- Total funding allocated: \$120,000
 - Average award range: \$3,000-\$10,000
- Goal: Promote the businesses in Old Town by enhancing the sense of place and attracting more customers to Old Town businesses
 - Examples: advertising, marketing, beautification, plants, events, specials, promotions, signage, seating, customer parking, permits, insurance, etc.
- Application Requirements:
 - Must be a business or nonprofit in Old Town
 - Provide thorough description of program, activity, event or other services being proposed addressing the following criteria:

- Alignment with program goals
- Community impact
- Innovation and creativity
- Financial feasibility
- Community or customer engagement
- Collaboration between businesses
- Provide a breakdown of how the funding will be spent for the project (i.e. materials, vendors, rentals, overhead, etc.)

The following calendar is proposed for the POP Grant Program roll-out and implementation:

Timeline/Date	Activity/Action Item
January 21, 2025	Initiation of POP Grant Program
By January 31, 2025	Release Notice of Funding Availability
January 31 – February 28, 2025	Application Period Open – Outreach to Old Businesses
February 28, 2025	Applications Due
March 2025	Application Period Review – Economic Development & Revitalization Committee Meeting(s) for funding recommendations
April 2025	City Council approval of grant award recommendations
April – May 2025	Finalize Grant Agreements and disburse funding

The City Council could direct changes and adjustments to the guidelines, criteria and timeline, and funding breakdown as desired.

Potential Long-Term Economic Development Initiatives

As recommended by the Committee, staff researched several other approaches to small business economic development initiatives for Old Town that could be considered for more long-term projects. See below for three (3) potential projects. If there was desire to further look into any future projects, whether the ones listed below or other suggestions from Council, staff would return at a future meeting with more details.

- 1) Public Gathering Plaza/Pocket Park—Public seating area creating vibrant community spaces, sometimes conversion of public street parking spaces or under-utilized city property.
- 2) Street Streetscape Infrastructure and Amenities—Attractive streetscape improvements such as benches, plantings, lights, wayfinding/signage, bike racks, etc.
- 3) Buy Local Incentive Program—Encouraging the community to support small businesses and for every \$100 spent locally in Old Town, participants are eligible to receive a prize (i.e. a Goleta/Old Town t-shirt, gift basket, gift card, etc.)

Current FY 2024-25 Economic Development Initiatives

Other FY 2024-25 Economic Development Initiatives previously discussed are underway. See Table 1 below for the full list of initiatives for this FY, including their statuses.

One in particular is the Old Town Open for Business Campaign that the Community Relations Teams has been promoting through the City’s social media channels. One of the key take-ways from the community outreach and business survey feedback was that marketing and advertising was one of the highest chosen responses for what type of programs they would like to see for economic development in Old Town. As a result, the Community Relations Team will be bolstering the Old Town Open for Business Campaign including utilizing paid advertising to help get the word out even further to let our neighboring communities know about all the great diverse businesses in Old Town.

Staff are also in process of launching two other initiatives: Innovation and technology branding and the Meet Me in Old Town events and expect to finalize those agreements by Spring 2025.

Table 1. FY 2024-25 Economic Development Initiatives Summary

Imperative	Strategy	Initiative	Status	Estimated \$
Amplify the reputation of Goleta as a world-class center of innovation and technology.	Support marketing and branding campaigns designed to position Goleta as a technology and innovation hub.	1. Innovation and technology branding	In Progress	\$25,000
Improve access to economic opportunity by increasing the availability of livable-wage jobs and enhancing support for local BIPOC and women-owned small businesses and entrepreneurs.	Invest in relationship development with and support of culturally focused organizations to better support women-owned and BIPOC-owned small businesses.	2. Mexican Independence Day	Completed	\$10,000
Enhance the experience of Goleta for both residents and visitors by leveraging Old Town’s unique historical and cultural identity and investing in district placemaking.	Explore the feasibility of a Business Improvement District (BID) through the Old Town Visioning Process.	3. Business Improvement District Analysis/ Survey	Not Yet Started	\$7,000
	N/A	4. Meet Me in Old Town Events	In Progress	\$20,000
	N/A	5. Old Town Open for Business Campaign	Launched /Ongoing	\$8,000
Improve City Government support of local businesses and relationships with	N/A	6. GoodLand GoodShopping Business Directory Platform	Launched /Ongoing	\$3,000

economic development stakeholders.	7. Business Recognition Program	Launched /Ongoing	\$1,000
	8. Sponsorships for events/ programs	Launched /Ongoing	\$15,000
	9. Update City's Economic Development webpage	Not Yet Started	\$1,000
	10. Business events/support in other parts of City	Not Yet Started	\$10,000
TOTAL			\$100,000

Preliminary Sales Tax Information

Staff has received *preliminary* sales tax data for both Bradley-Burns and Transaction and Use Tax for calendar year Q3 2024 (July–September):

- Overall sales tax revenue from the Bradley-Burns local sales tax *decreased* by 2.0% compared to the same period in the prior year (from \$2.2M down to \$2.09M).
 - Declines in several major industry groups, including Building and Construction, Business and Industry, Autos and Transportation, and Fuel and Service Stations.
 - Increases were noted in Food and Drugs, County Pool allocations, and the Restaurant and Hotel sectors.
- Transaction and Use Tax (TUT) – “Measure B” preliminary data indicates \$2.8 million was generated.
 - Since this tax took effect on January 1, 2024, there is no prior year data available for comparison for Q3.
 - However, by analyzing trends from the previous two quarters and comparing TUT performance against the Bradley-Burns sales tax, it appears that revenues are on track to meet the budgeted amount of \$11 million for the Fiscal Year 2024/25.

The next key sales tax meeting with the City’s sales tax consultant is set for February 2025 to review detailed information regarding the activity from July to September. Further updates will be included in the Second Quarter Financial Review report.

Not a Gift of Public Funds

The expenditure of funds for the proposed Old Town Small Business Assistance Program would not constitute a gift of public funds. Article XVI, section 6 of the California Constitution prohibits expenditures of public funds when not used for a public purpose. However, incidental benefits to private individuals do not transform an expenditure for a public purpose into a private gift. In adopting this program, the City Council should find and determine that the program is not a gift of public funds because it promotes economic development within the City of Goleta and maintains the character of a historically

significant area. As discussed in this staff report, the program is consistent with and promotes the goals of the 2023-2028 Economic Development Strategic Plan.

The program, therefore, is designed to prevent blight in Old Town and maintain it as a productive commercial area for the City, drawing both residents and visitors to the area. The Old Town POP Grant Program will help allow businesses to stay in Old Town with the aim of maintaining and creating jobs in Goleta. Moreover, the existent businesses in Old Town add to the unique character of the area, and this program would be implemented in part to preserve that character for current residents and visitors. This program will enable the City to promote a sustainable local economy and implement related imperatives and strategies of the Economic Development Strategic Plan. Therefore, the proposed program will have significant public benefits for the City.

GOLETA STRATEGIC PLAN:

City-Wide Strategy: 4. Support Economic Vitality

Strategic Goals:

- 4.1 Promote a sustainable local economy
- 4.3 Encourage residents, neighboring shoppers, and tourists to support locally owned businesses in Goleta

FISCAL IMPACTS:

The MOU with WEV for a Small Business loan program was originally funded at \$200,000 in 2020 via General Fund Account 101-60-6100-54012 and \$50,000 has already been reallocated to the Old Town Business License Fee Waiver Program. Council could direct staff to initiate the Old Town POP Grant Program and use the \$120,000 portion of the remaining funding for the grant program.

ALTERNATIVES:

The City Council may choose to change the proposed guidelines, criteria, funding breakdown, and timeline for the POP Grant. The City Council may also choose to not move forward with a grant program and provide different direction to staff.

LEGAL REVIEW BY: Isaac Rosen, Acting City Attorney

APPROVED BY: Robert Nisbet, City Manager

ATTACHMENTS:

1. Draft Business License Fee Waiver Letter
2. Business Community Outreach Summary
3. POP Grant Guidelines and Criteria
4. Draft Grant Agreement Template
5. Staff Presentation

ATTACHMENT 1

Draft Business License Fee Waiver Letter



January XX, 2025

CITY COUNCIL

Paula Perotte
Mayor

Stuart Kasdin
Mayor Pro Tempore
District 4

Luz Reyes-Martín
Councilmember
District 1

James Kyriaco
Councilmember
District 2

Jennifer Smith
Councilmember
District 3

CITY MANAGER

Robert Nisbet

Dear Old Town Business Owner,

We appreciate you and your business!

We are pleased to announce that your business is eligible for a Business License Fee Waiver, a significant decision made possible by the recent funding approval in October 2024 from the Goleta City Council. This initiative not only reflects the City Council's commitment to supporting local businesses but also hopefully provides some financial relief.

Local businesses are the backbone of our economy, and we are so glad that you have chosen to set up shop in the City of Goleta. We understand that financial burdens can be challenging, and we hope this support alleviates some of that pressure, allowing you to focus on further growth and success in your business.

If you have any questions regarding this waiver or if you require any additional assistance, please do not hesitate to reach out to Shannon Kirn at skirn@cityofgoleta.org. We are here to help and support you in any way we can.

Once again, thank you for choosing to provide your services to our community, you are what makes Goleta a great place to Live, Work, and Play! We look forward to seeing your business thrive in our community.

Warm regards,

Paula Perotte,
City of Goleta Mayor

ATTACHMENT 2

Business Community Outreach Summary

Business Community Outreach Summary

A survey was conducted to better understand the needs of Old Town businesses and get business owners' suggestions on how to best use the funds to support the businesses. Survey questions were specifically geared toward business owners to see what type of grant programs and criteria they would like to see. The 10-question survey was available online through Survey Monkey in both Spanish and English from November 21, 2024 to December 3, 2024. Staff sent out multiple email notifications to businesses encouraging them to take the survey. Staff also conducted in-person outreach and talked to business owners in Old Town and handed out flyers (Spanish and English) with a QR code encouraging them to take the survey.

The Greater Santa Barbara Hispanic Chamber of Commerce, along with its coalition, Old Town United, assisted in collecting survey responses through a grassroots effort and walked Old Town with paper copies of the survey for business owners to take in person.

The survey results described below include both the online and the paper surveys city staff received.

88 Responses (25 Spanish, 63 English):

- Online: 18 (2 Spanish, 16 English)
- Paper: 70 (23 Spanish, 47 English)

Key themes from the survey include (n=number of respondents):

- 60% of businesses reported they are struggling to retain and attract new customers (n=36)
- 45% of businesses reported that they would like to see grant programs that support marketing and advertising (n=38),
- 56% of businesses reported they would like to see criteria that prioritize attracting more customers to Old Town (n=39)
 - The second highest with 27% was a change in year-over-year revenue (n=19)
- Many of the written responses in “other” fields stated that construction, parking in general (employees not having parking, customers not having parking, back-in parking, and cars being parked for long periods without moving), large trucks not being able to safely unload, and the traffic have all held a negative compounding effect on their business with fewer people coming to Old Town and would like to see the parking and/or stripping changed back.
- Other comments were made about the need to enforce illegal food vendors, needing help with permitting, more events and fun programs that bring people and families, improving the look of Old Town (cleaning sidewalks, artistic murals, repairing/repainting businesses), suggestion for nighttime construction work, and a suggestion for the city to prioritize using only Old Town vendors/business for things such as catering, janitorial, auto repair, events/venues, etc.

ATTACHMENT 3

POP Grant Guidelines and Criteria

Pride of Place Grant Program Guidelines

PURPOSE

The City of Goleta has allocated approximately \$120,000 to provide Old Town businesses an opportunity to collaborate and take pride in ownership in investments in Old Town and their businesses. Businesses can apply for the Pride of Place (POP) Grant for funding to implement innovative and creative programs and ideas for Old Town.

Potential examples include but are not limited to:

- Advertising/Marketing
- Beautification/Plants
- Events/Special/Promotions
- Signage
- Benches/Seating
- Business/Customer Parking
- Permits/Insurance, etc.

The average grant award is estimated to range from \$3,000-\$10,000, and while there is no limit to the funding amount requested, applications will be evaluated per the criteria listed below.

GOAL

The goal of the program is to promote the businesses in Old Town by enhancing the sense of place and attracting more customers to Old Town businesses.

APPLICATION REQUIREMENTS

Applications for a grant must be submitted electronically through the ZoomGrants program and include the following basic elements:

1. Name of Old Town business or nonprofit
2. Applicant(s)/business(es) must be in good standing with the City and any applicable state and federal entities and agencies
3. Provide business address, contact information and City Business License number
 - a. If nonprofit provide proof of non-profit status
4. Description of proposed project/program/activity/service
5. Provide a breakdown of how the funding will be spent for the project (i.e. materials, vendors, rentals, overhead, etc.)
 - a. Including any supporting joint partnerships, matching funding, or cost sharing

REVIEW CRITERIA

Applications will be reviewed and funding determined based on the following criteria:

1. To what extent does the proposal align with program goals of promoting the businesses in Old Town, enhancing the sense of place, and attracting more customers?
 - Does the proposal strongly align, somewhat align, or not align at all with the program goals?
2. To what extent does the proposal positively impact the community?
 - Does the proposal have minimal impact, moderate impact, or high transformative impact?
3. To what extent does the proposal demonstrate creative or innovative approaches?
 - Is the proposal highly innovative/creative and original, moderately creative/innovated, or lack creativity?
4. Is the amount of funding requested appropriate and reasonable for the project/program/service?
 - Is the proposal unrealistically budgeted, reasonably budgeted but could use more detail, or highly feasible and realistically budgeted?
5. Does the project engage community members and/or customers in a meaningful way?
 - Does the proposal have minimal to no engagement, moderate engagement, or strong and diverse engagement?
6. Does the project involve collaboration with two or more Old Town Businesses?
 - Does the project not collaborate with any businesses, have some collaboration with businesses, or strong partnerships with multiple businesses?

PROCESS & SELECTION

- Grant applications may be submitted only during the open application period designated through the release of a Notice of Funding Availability (NOFA). The NOFA application period will be open for a minimum of four (4) weeks. No late applications will be accepted.
- Staff will review application submissions for completeness and will bring completed applications for funding recommendation to the Economic Development & Revitalization Committee (Committee) for review likely in March 2025. Committee meetings and materials are subject to the Brown Act. Applicants may be present during the Committee meeting and may be asked clarifying questions by the Committee. Applications will be evaluated using the criteria and rating scale listed above.
- The Committee will recommend funding awards to the full City Council.
- The City Council will take final action on the award of all the grants at a City Council meeting in spring 2025, likely in April 2025.

COMPLIANCE

All grant recipients will need to provide the following:

1. Signed W9

- a. Business address on W9 must match business mailing address listed on application
- 2. Signed grant agreement
 - a. All grant recipients are required to sign a grant agreement. Per the agreement terms, grant recipients are expected to provide a written report one year from receiving the funds demonstrating how the funds benefited the Old Town community. The recipient may be requested to provide a report to the Committee or at a City Council meeting or workshop.
 - b. If feasible, grant recipients shall use local Old Town and Goleta vendors where possible when procuring goods and services related to grant fund uses.

RESTRICTIONS AND LIMITATIONS

Grant funds shall not be used for political campaigning purposes or activities. Grant recipients (and affiliates) shall not endorse, fundraise, campaign or otherwise support or oppose a candidate for a City of Goleta elected office. Furthermore, grant funds shall not be used for religious activities. Grant funds will not be awarded to individuals, unless they are a sole proprietor, and only to Old Town Businesses and/or nonprofit organizations.

DRAFT

ATTACHMENT 4

Draft Grant Agreement Template

**CITY OF GOLETA FUNDING AGREEMENT
OLD TOWN PRIDE OF PLACE GRANT PROGRAM**

BUSINESS NAME	
CONTACT	
PHONE	
EMAIL ADDRESS	
MAILING ADDRESS	
PROGRAM/ ACTIVITY TITLE AND DESCRIPTION	
AMOUNT AWARDED	

As Grantee, I will complete Exhibit A (End of Year Report) to this agreement by December 31, 2025.

I certify under penalty of perjury that the funds awarded through the City of Goleta (City) will be used for the program or activity specified above, and as detailed in the grant application submitted to the Old Town Pride of Place Grant Program funding. When feasible, Grantees shall use local vendors when procuring goods and services related to the program or activity specified above. In addition, grant funds provided by City under this agreement shall not be used for political campaigning purposes or activities. My organization will not endorse, fundraise, campaign or otherwise support or oppose a candidate for a City of Goleta elected office.

Grantee holds City, its elected officials, officers, and employees, harmless from and agrees to defend and indemnify Grantor against all claims, demands, lawsuits, judgments, damages, losses, injuries or liability arising from or related to Grantee's use of the grant funds awarded under this Agreement. The duty to defend shall include any suits or actions concerning any use of the grant funds and also include the obligation to pay court costs, attorney fees, expert witness costs, investigation costs, claims adjusting costs and any other costs required for and related to such litigation.

Print Name

Signature

Date

This executed agreement must be received by the City of Goleta in order to receive payment of the grant. Please submit this agreement electronically to Shannon Kirn at skirn@cityofgoleta.org



EXHIBIT A
End of Year Report

Agency Name:

Contract Amount: \$

Activity or Program Name:

Activity Location:

Agency Contact Name:

Agency Contact Number:

Provide a description of the funded activity or program.

What were the goals and objectives of the funded activity or program?

Describe activity or program accomplishments.

Describe any areas of significant deviation from the activity/program goals and objectives, if any.

Describe any areas of significant deviation from the budget proposal submitted with the activity/project application, if any.

ATTACHMENT 5

Staff Presentation

Economic Development - Old Town Initiatives

Shannon Kirn
Assistant to the City Manager
Presentation to City Council
January 21, 2025



Background



Sequencing Spreadsheet (Old Town Imperative only)

Imperative	Objectives	Phase 1: Year 1 Strategies	Phase 2: Year 2-3 Strategies	Phase 3: Year 4+ Strategies	Status	Notes	FY 24-25 Draft Expenditure List	
Enhance the experience of Goleta for both residents and visitors by leveraging Old Town's unique historical and cultural identity and investing in district placemaking.	<ul style="list-style-type: none"> Annual increase in service and retail sales in Old Town 5-year increase in the number of visitors to Old Town as measured by cell phone location data Increased positive neighborhood perception of businesses in Old Town as measured by an annual business survey 	Invest in infrastructure and streetscape amenities in Old Town.			In Progress	Streetscape amenities	Meet Me in Old Town	
		Explore the feasibility of a Business Improvement District (BID) through the Old Town Visioning Process.			Plan to Start this Year		Business Improvement District Survey	
			Identify incentives to encourage property owners and businesses to activate underutilized properties in Old Town.			Not Yet Started		
			Activate the implementation of existing Old Town visions and plans.			In Progress	Project Connect, Interim Striping Project	
			Study, identify, and implement anti-displacement tools and strategies for Old Town businesses and residents.			Not Yet Started		
					Activate Old Town by studying the feasibility of relocating City services to the district and/or investing in community infrastructure.		Not Yet Started	

Proposed Pride of Place (POP) Grant Program

Total funding allocation: \$120,000

- Average award range: \$3,000-\$10,000

Goal: Promote the businesses in Old Town by enhancing the sense of place and attracting more customers to Old Town businesses

- Examples: advertising, marketing, beautification, plants, events, specials, promotions, signage, seating, customer parking, permits, insurance, etc.

Application Requirements:

- Must be a business or nonprofit in Old Town
- Provide thorough description of program, activity, event or other services being proposed addressing the following criteria:
 - Alignment with program goals
 - Community impact
 - Innovation and creativity
 - Financial feasibility
 - Community or customer engagement
 - Collaboration between businesses
- Breakdown of how funds will be used

Proposed Pride of Place (POP) Grant Timeline

Timeline/Date	Activity/Action Item
January 21, 2025	Initiation of POP Grant Program
By January 31, 2025	Release Notice of Funding Availability
January 31 – February 28, 2025	Application Period Open – Outreach to Old Businesses
February 28, 2025	Applications Due
March 2025	Application Period Review – Economic Development & Revitalization Committee Meeting(s) for funding recommendations
April 2025	City Council approval of grant award recommendations
April – May 2025	Finalize Grant Agreements and disburse funding

Other Project Suggestions



Public Gathering Plaza/Pocket Park

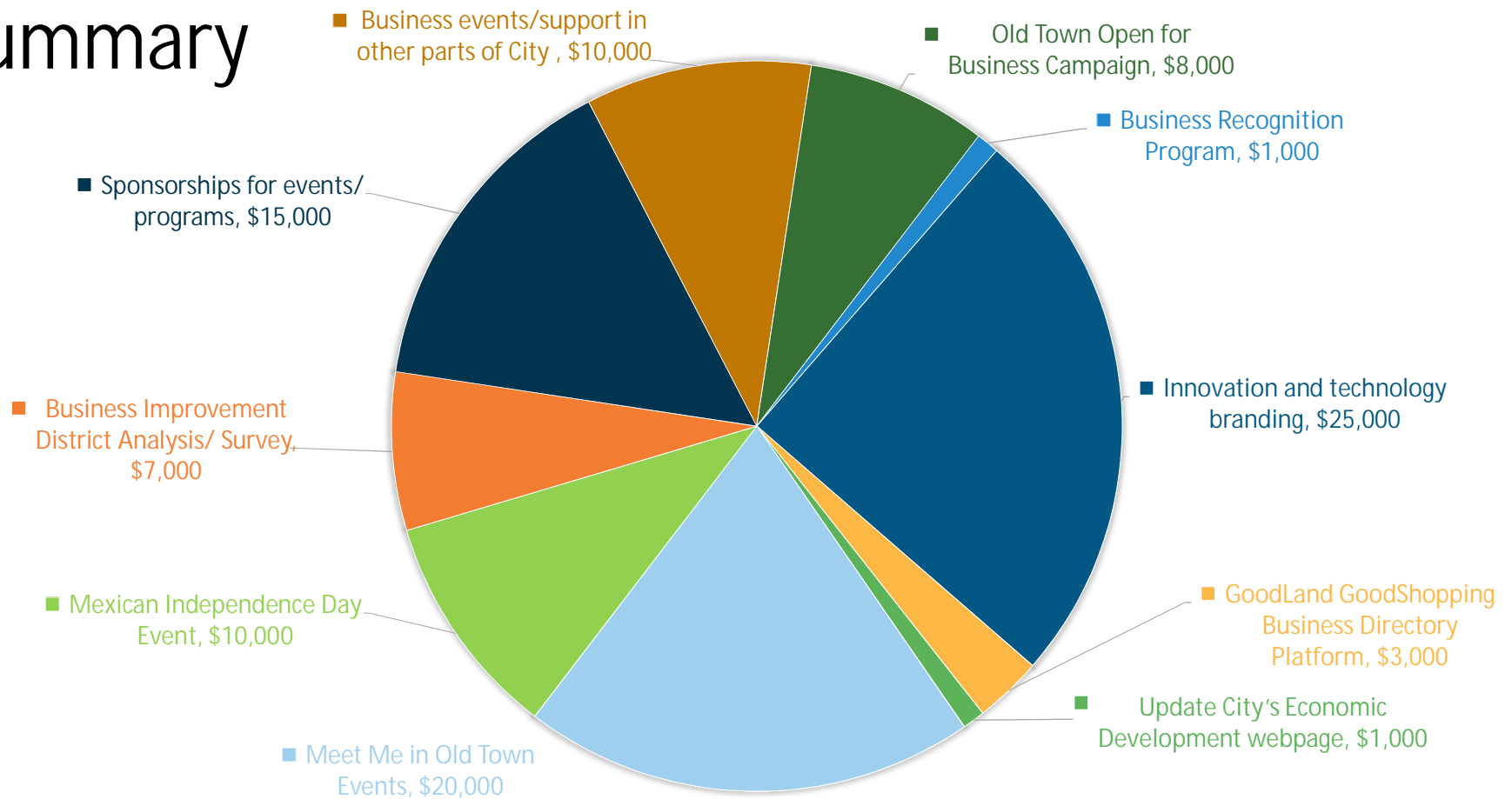


Street Streetscape Infrastructure and Amenities



Buy Local Incentive Program

FY 24-25 Economic Development Expenditure Summary



Recommendation

- Initiate the Old Town Initiative – Pride of Place Grant Program and provide direction to staff on any other economic development initiatives.
- Find that the Old Town Pride of Place Grant Program is not a gift of public funds.