CONTENTS

4. EXECUTIVE SUMMARY
6. CITY AND UNINCORPORATED DATA
8. ANNUAL TOT TRENDS
10. TOT RECEIPTS
11. HISTORICAL COMPARISON
14. TOT DATA TABLE
16. SPENDING BREAKDOWN
18. INDUSTRY DEVELOPMENT
21. SOURCES, METHODOLOGY & ACKNOWLEDGMENTS
EXECUTIVE SUMMARY

FIRST QUARTER 2017

The Sonoma County Economic Development Board (EDB), in partnership with Sonoma County Tourism (SCT), is pleased to bring you the 2017 first quarter calendar year (CY) Transient Occupancy Tax (TOT) Report. The analysis drafted by the Sonoma County EDB is based on reports from each jurisdiction within the county. This report contains the most recent data available based on county reporting.

The report covers the county’s TOT revenues, compared with Sonoma County’s historical CY numbers, and the accommodation development report for January, February, and March of 2017.

TOT ASSESSMENT BY CITY

<table>
<thead>
<tr>
<th>City</th>
<th>TOT</th>
<th>City</th>
<th>TOT</th>
<th>City</th>
<th>TOT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloverdale</td>
<td>10%</td>
<td>Rohnert Park</td>
<td>12%</td>
<td>Sonoma</td>
<td>10%</td>
</tr>
<tr>
<td>Healdsburg</td>
<td>12%</td>
<td>Santa Rosa</td>
<td>9%</td>
<td>Windsor</td>
<td>12%</td>
</tr>
<tr>
<td>Petaluma</td>
<td>10%</td>
<td>Sebastopol</td>
<td>10%</td>
<td>Unincorporated County</td>
<td>9%</td>
</tr>
</tbody>
</table>

HIGHLIGHTS

• Sonoma County’s revenues for first quarter 2017 increased 15.1% over first quarter 2016. Total county revenues equalled $7.09 million.

• All Sonoma County cities, except Cloverdale, Petaluma and Sonoma, experienced increased year-over-year TOT revenue for first quarter 2017. The unincorporated areas had the largest first quarter increase at 37%. Healdsburg had the next largest increase at 25.45%.

• All cities, except Cloverdale, Petaluma and Sonoma recorded their best first quarter TOT revenues to date. This reflects improving economic conditions and highlights Sonoma County’s growing popularity as a tourist destination.

For questions, please call (707) 565-7170
SEASONALLY ADJUSTED TOT REVENUES

BY CALENDAR YEAR
Q1 2005 - Q1 2017

This section analyzes the quarterly TOT trends for the aggregated city, unincorporated areas, and total county from first quarter 2005 through first quarter 2017.

SUMMARY OF FINDINGS


The general trend in TOT revenues since 2005 reflects Sonoma County's popularity as a tourist destination and the strength of local lodging properties' average daily and occupancy rates. Recent growth rates continue to exceed those from 2005-2008, prior to the economic downturn.

The significant dips in TOT revenues between 2008 and 2009 and between 2011 and 2012 can be attributed to decreased tourism worldwide in response to a weakening economy and/or reactions to specific events such as the global recession in 2011.

Source: Sonoma County and Cities Finance Departments
TOT REVENUES BY QUARTER

TOTAL TOT REVENUE BY QUARTER

Historical Overview

**Quarter One**
TOT Revenues 2005-2017 (Millions of Dollars)

**Quarter Two**
TOT Revenues 2004-2016 (Millions of Dollars)

**Quarter Three**
TOT Revenues 2004-2016 (Millions of Dollars)

**Quarter Four**
TOT Revenues 2004-2016 (Millions of Dollars)

Source: Sonoma County and City Finance Departments
ANNUAL TOT TRENDS

ANNUAL TOT PERCENT CHANGE

2016-2017

This section shows the annual percentage change in TOT revenues based on the most recent annual data.

Summary of Findings

From 2016 - 2017, all cities and the unincorporated areas of Sonoma County experienced positive growth in annual TOT revenue. The overall growth rate for the entire county from 2016 to 2017 was 11.57%. This indicates that overnight travel continues to grow in Sonoma County.

Q1 2017’s 15.1% growth rate adds to this increase over the past 12 months. Cloverdale, Petaluma and Sonoma experienced negative TOT growth from Q1 2016 and Q1 2017, while all other areas grew during this period.
TOT TRENDS BY QUARTER

TOT REVENUE PERCENT CHANGE
Quarter over Quarter

Q1, 2016-2017
January, February, March

Q2, 2015-2016
April, May, June

Q3, 2015-2016
July, August, September

Q4, 2015-2016
October, November, December

Source: Sonoma County and City Finance Departments
This section analyzes the year-over-year TOT revenue trends for each city and the unincorporated areas from calendar year (CY) 2013 - 2017.

Summary of Findings:
The county as a whole experienced significant growth in year-over-year TOT revenues in 2016. County TOT revenues experienced an 11.57% growth from $33.6 million in 2015 to $37.5 million in 2016.
Q1 2017 built upon this growth, with 6 out of 9 areas achieving all time high TOT collection numbers.
TOT HISTORICAL COMPARISON

CLOVERDALE, HEALDSBURG, PETALUMA, ROHNERT PARK
Q1 2006 to Q1 2017

Cloverdale TOT Revenues
Thousands of Dollars

Healdsburg TOT Revenues
Thousands of Dollars

Petaluma TOT Revenues
Thousands of Dollars

Rohnert Park TOT Revenues
Thousands of Dollars

Source: Cloverdale Finance Department

Source: Healdsburg Finance Department

Source: Petaluma Finance Department

Source: Rohnert Park Finance Department
TOT HISTORICAL COMPARISON

SANTA ROSA, SEBASTOPOL, SONOMA, WINDSOR
Q1 2006-Q1 2017

Santa Rosa TOT Revenues
Thousands of Dollars

- $2000
- $1750
- $1500
- $1250
- $1000
- $750
- $500
- $250

Q1 Q2 Q3 Q4
2006 2007 2008 2009
2008 2011 2012 2013
2014 2015 2016 2017

Source: Santa Rosa Finance Department

Sebastopol TOT Revenues
Thousands of Dollars

- $200
- $150
- $100
- $50
- $0

Q1 Q2 Q3 Q4
2006 2007 2008 2009
2008 2011 2012 2013
2014 2015 2016 2017

Source: Sebastopol Finance Department

Sonoma TOT Revenues
Thousands of Dollars

- $1200
- $1000
- $800
- $600
- $400
- $200

Q1 Q2 Q3 Q4
2006 2007 2008 2009
2008 2011 2012 2013
2014 2015 2016 2017

Source: Sonoma Finance Department

Windsor TOT Revenues
Thousands of Dollars

- $600
- $500
- $400
- $300
- $200
- $100
- $0

Q1 Q2 Q3 Q4
2006 2007 2008 2009
2008 2011 2012 2013
2014 2015 2016 2017

Source: Windsor Finance Department
TOT HISTORICAL COMPARISON

UNINCORPORATED AREA
Q1 2006 - Q1 2017

Unincorporated Area TOT Revenues
Thousands of Dollars

Source: Sonoma County Auditor-Controller/ Treasurer-Tax Collector
## 2017 Q1 TRANSIENT OCCUPANCY TAX REPORT

**DATA TABLE**

### HISTORICAL TOT FIGURES

First Quarter 2009 to First Quarter 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>1st QTR</th>
<th>2nd QTR</th>
<th>3rd QTR</th>
<th>4th QTR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$13,724,814</td>
<td>$3,520,067</td>
<td>$3,082,372</td>
<td>$2,406,667</td>
<td>$4,705,770</td>
</tr>
<tr>
<td>2010</td>
<td>$7,705,506</td>
<td>$2,248,535</td>
<td>$1,918,135</td>
<td>$1,698,113</td>
<td>$3,119,258</td>
</tr>
<tr>
<td>2011</td>
<td>$9,470,854</td>
<td>$2,347,826</td>
<td>$2,395,452</td>
<td>$3,529,886</td>
<td>$4,017,751</td>
</tr>
<tr>
<td>2012</td>
<td>$11,898,259</td>
<td>$2,795,098</td>
<td>$3,529,452</td>
<td>$3,520,067</td>
<td>$3,155,734</td>
</tr>
<tr>
<td>2013</td>
<td>$7,055,573</td>
<td>$1,245,786</td>
<td>$2,752,386</td>
<td>$2,452,386</td>
<td>$4,705,770</td>
</tr>
<tr>
<td>2014</td>
<td>$1,612,339</td>
<td>$2,752,386</td>
<td>$2,572,594</td>
<td>$2,452,386</td>
<td>$7,055,573</td>
</tr>
<tr>
<td>2016</td>
<td>$7,705,506</td>
<td>$2,248,535</td>
<td>$3,520,067</td>
<td>$3,082,372</td>
<td>$4,409,532</td>
</tr>
<tr>
<td>2017</td>
<td>$7,705,506</td>
<td>$2,248,535</td>
<td>$3,520,067</td>
<td>$3,082,372</td>
<td>$4,409,532</td>
</tr>
</tbody>
</table>

**Note:** Totals may not add up due to rounding.
TOT BREAKDOWN BY AREA

PERCENTAGE BREAKDOWN
Past Four Quarters

Source: Sonoma County and Cities Finance Departments

Source: Sonoma County and Cities Finance Departments

Source: Sonoma County and Cities Finance Departments

Source: Sonoma County and Cities Finance Departments
TOT SPENDING BREAKDOWN

Unincorporated Area

TOT tax revenues are derived from a 9.0-12.0% tax on the rental of hotel and motel rooms, inn beds, and campgrounds in the unincorporated areas.

County of Sonoma TOT Budget Breakdown
Unincorporated Area
Fiscal Year 2015-2016

- Transfer to General Fund (19.35%)
- Cultural & Art Events (7.03%)
- Economic Development (16.10%)
- Affordable Housing (8.14%)
- Other (.94%)
- Agricultural Promotion (1.01%)
- Collection and Administration (6.53%)
- Tourism (16.98%)
- Regional Parks Maint & Ops (23.91%)

Source: County of Sonoma
TOT SPENDING BREAKDOWN

By City

TOT tax revenues are derived from taxes on the rental of hotel and motel rooms, inn beds, and campgrounds in Sonoma County cities. The General Fund provides funding for a wide range of city needs, including:

- Fire
- Police
- Planning and Building
- Public Works
- Administration
- Community Services

TOT budget breakdowns are provided by each respective city’s finance department.

Most cities allocate all TOT revenue to the general fund. Healdsburg and Petaluma also allocate revenue to additional categories, including Community Services, Collection and Administration, and Cultural and Art Events.

**TOT Budget Breakdown**

**Healdsburg**

2015-2016

- Community Services (83%)
- General Fund (17%)

**Petaluma**

2015-2016

- Collection and Administration (13%)
- Cultural and Art Events (14%)
- General Fund (73%)

Source: Sonoma County and Cities Finance Departments
### Industry Development

#### Sonoma County Lodging Developments

**Unincorporated Area, Petaluma, and Rohnert Park**

**Q1 2017 Updates**

Sonoma County currently has 22 lodging property applications in the approval process. When completed, 1598 rooms will be added to Sonoma County.

<table>
<thead>
<tr>
<th>Development Type</th>
<th>Project Name</th>
<th>Lodging Type</th>
<th>Address/Location</th>
<th>Rooms Proposed</th>
<th>Completion Year (Est.)</th>
<th>Comments</th>
<th>Use Permit Approved (Date) and Hearing Body</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unincorporated Area</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New</td>
<td>Sonoma Country Inn (Graywood Ranch)</td>
<td>Luxury/Resort</td>
<td>7945 Highway 12, Kenwood</td>
<td>50</td>
<td>Unknown</td>
<td>They anticipate opening in 2019.</td>
<td>“Status: Approved August 3, 2017. The appeal period ends August 14, 2017 at 5:00pm. Staff: Melinda Grosch”</td>
</tr>
<tr>
<td>New</td>
<td>Camp Out Back</td>
<td>Campground</td>
<td>16101 Neeley Road, Forestville</td>
<td>20</td>
<td>Unknown</td>
<td>Application was never officially approved.</td>
<td>“Status: In violation with Code Enforcement. Staff: Melinda Grosch”</td>
</tr>
<tr>
<td><strong>City of Petaluma</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New</td>
<td>Petaluman Hotel</td>
<td>Full Service</td>
<td>2 Petaluma Blvd. S</td>
<td>54</td>
<td>unknown</td>
<td>Inactive</td>
<td>10/31/2013</td>
</tr>
<tr>
<td>New</td>
<td>Silk Mill</td>
<td>Boutique Luxury</td>
<td>750 Jefferson St.</td>
<td>76</td>
<td>2018</td>
<td>Under construction</td>
<td></td>
</tr>
<tr>
<td>New</td>
<td>Riverfront Courtyard Marriott</td>
<td>Focused Service</td>
<td>500 Hopper St.</td>
<td>122</td>
<td>2018</td>
<td>In planning process, approved</td>
<td>3/28/2017</td>
</tr>
<tr>
<td><strong>City of Rohnert Park</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New</td>
<td>Fairfield Inn and Suites</td>
<td>Full Service</td>
<td>405 Martin Ave.</td>
<td>100</td>
<td>2019?</td>
<td>Tentatively scheduled for Planning Commission August 2017</td>
<td></td>
</tr>
<tr>
<td>New</td>
<td>Cambria Hotel and Suites</td>
<td>Full Service</td>
<td>5870 Labath</td>
<td>132</td>
<td>Mid to late 2018</td>
<td>Part of Five Creek project</td>
<td>Approved by Planning Commission June 2017</td>
</tr>
<tr>
<td>New</td>
<td>Oxford Suites</td>
<td>Full Service</td>
<td>67 Golf Course Drive</td>
<td>163</td>
<td>Summer 2017</td>
<td>Open</td>
<td></td>
</tr>
</tbody>
</table>

Lodging properties in this section are in various stages of completion. This report is meant to merely provide a ‘snapshot’ of their current status during the time this report was produced. The EDB and SCT will continue to update this information, quarterly, based on information from each jurisdiction. Projects still under construction from previous reports are also represented above. Lodging properties that have been announced but are not in the approval process are not included.
# INDUSTRY DEVELOPMENT

## CITY LODGING DEVELOPMENTS

### Santa Rosa and Windsor

**Q1 2017 Updates**

<table>
<thead>
<tr>
<th>Development Type</th>
<th>Project Name</th>
<th>Lodging Type</th>
<th>Address/Location</th>
<th>Rooms Proposed</th>
<th>Completion Year (Est.)</th>
<th>Comments</th>
<th>Use Permit Approved (Date) and Hearing Body</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Santa Rosa</td>
<td>New Residence Inn by Marriott</td>
<td>Limited Service</td>
<td>3558 Round Barn Circle</td>
<td>115</td>
<td>2018</td>
<td>Applications in process</td>
<td></td>
</tr>
<tr>
<td>New</td>
<td>Hampton Inn and Suites</td>
<td>Limited Service</td>
<td>0 Airway Drive</td>
<td>100</td>
<td>2018</td>
<td>Applications in process</td>
<td></td>
</tr>
<tr>
<td>New</td>
<td>Spinster Inn</td>
<td>Limited Service</td>
<td>407 South A Street</td>
<td>9</td>
<td>2018</td>
<td>8/6/2015 Zoning Administrator</td>
<td></td>
</tr>
<tr>
<td>New</td>
<td>Inn at Santa Rosa</td>
<td>Limited Service</td>
<td>111 Commercial Court</td>
<td>100</td>
<td>2018</td>
<td>11/17/2016 Zoning Administrator</td>
<td></td>
</tr>
<tr>
<td>New</td>
<td>Courthouse Square Hotel</td>
<td>Full Service</td>
<td>19, 25, 37 Old Courthouse Square</td>
<td>62</td>
<td>2018</td>
<td>7/6/2017 Design Review Board</td>
<td></td>
</tr>
<tr>
<td>New</td>
<td>AC Hotel by Marriott</td>
<td>Limited Service</td>
<td>210 5th Street</td>
<td>142</td>
<td>2018</td>
<td>Renovation</td>
<td></td>
</tr>
<tr>
<td>New</td>
<td>Astro Motel</td>
<td>Limited Service</td>
<td>323 Santa Rosa Avenue</td>
<td>34</td>
<td>2017</td>
<td>Renovation</td>
<td></td>
</tr>
<tr>
<td>New</td>
<td>Residence Inn by Marriott</td>
<td>Limited Service</td>
<td>3558 Round Barn Circle</td>
<td>115</td>
<td>2018</td>
<td>Concept Design Review Meeting held</td>
<td></td>
</tr>
<tr>
<td>Expansion</td>
<td>Hyatt Vineyard Creek Hotel</td>
<td>Full Service</td>
<td>170 Railroad Street</td>
<td>100</td>
<td>2017</td>
<td>100 new rooms (10 in existing building, 90 in the addition)</td>
<td></td>
</tr>
<tr>
<td>Expansion</td>
<td>The Economy Inn</td>
<td>Limited Service</td>
<td>502 Santa Rosa Avenue</td>
<td>20</td>
<td>2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New</td>
<td>Riverfront Courtyard Marriott</td>
<td>Focused Service</td>
<td>500 Hopper St.</td>
<td>122</td>
<td>2018</td>
<td>In planning process, approved</td>
<td>3/28/2017</td>
</tr>
<tr>
<td>Town of Windsor</td>
<td>New Russian River Brewing</td>
<td>Brewery</td>
<td>Conde/ Mitchell</td>
<td>N/A</td>
<td>Fall 2018</td>
<td>Under construction</td>
<td>Spring 2017</td>
</tr>
</tbody>
</table>
## INDUSTRY DEVELOPMENT

### CITY LODGING DEVELOPMENTS

#### Sebastopol

**Q1 2017 Updates**

<table>
<thead>
<tr>
<th>Development Type</th>
<th>Project Name</th>
<th>Lodging Type</th>
<th>Address/Location</th>
<th>Rooms Proposed</th>
<th>Completion Year (Est.)</th>
<th>Comments</th>
<th>Use Permit Approved (Date) and Hearing Body</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>French Garden Inn</td>
<td>Limited service</td>
<td>8050 Bodega Avenue</td>
<td>18</td>
<td>2019</td>
<td>Use Permit approved; No building permits issued.</td>
<td></td>
</tr>
<tr>
<td>New</td>
<td>Hotel Sebastopol</td>
<td>Full service</td>
<td>6828 Depot Street</td>
<td>66</td>
<td>2019</td>
<td>Use Permit approved; No building permits issued.</td>
<td>&quot;Demolition underway; No building permits issued. &quot;</td>
</tr>
<tr>
<td>New</td>
<td>First Street East Project</td>
<td>Hotel w/ Spa and Café</td>
<td>254 First St. East, 273-299 Second St. East</td>
<td>30</td>
<td>2018</td>
<td>Application under review</td>
<td></td>
</tr>
</tbody>
</table>
SOURCES

City data is provided by the finance and planning departments of Cloverdale, Healdsburg, Petaluma, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, and Windsor. County TOT revenue figures are provided by the Sonoma County Auditor-Controller / Treasurer-Tax Collector. County industry developments are provided by the Permit Resource and Management Department.

METHODOLOGY

Total, city, and unincorporated area TOT revenues are seasonally adjusted using X-13ARIMA-SAM, which is a seasonal adjustment software produced, distributed, and maintained by the U.S. Census Bureau. Seasonal adjustments are only made for page 6 of this report. All other data figures are unadjusted.

A calendar year runs from January to December. Each quarter contains three months of the year, beginning with January, February and March for the first quarter. A fiscal year runs from July to June. Please note that this report contains data updated through the first quarter (January, February, March) of calendar year 2017, and contains the most recent data available based on county reporting.

All information contained within this report was obtained from sources believed to be accurate, but Sonoma County Tourism (SCT) and the Economic Development Board (EDB) do not guarantee that it is accurate or complete. This report is intended for informational purposes only and does not represent an endorsement of any proposed project by the SCT or EDB or any of their employees, affiliates, or members.

ACKNOWLEDGMENTS

The Transient Occupancy Tax reports are produced by the Economic Development Board in conjunction with Sonoma County Tourism. This quarter’s report was prepared by Tourism Research Project Coordinator, Nate Baker.

Thank you to the finance and planning departments of Cloverdale, Healdsburg, Petaluma, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, and Windsor for providing TOT revenue figures and industry updates for Sonoma County cities. Thank you to the Permit and Resource Management Department (PRMD) and the Sonoma County Auditor-Controller / Treasurer-Tax Collector office for providing information for the unincorporated areas of Sonoma County.