EDB FOUNDATION SPONSORS

FOUNDATIONAL LEVEL

Luther Burbank™

Savings

PRESENTING LEVEL

SONOMA RACEWAY
Redwood Credit Union
City of Santa Rosa
Pacific Gas and Electric Company
tri counties bank
Exchange Bank

PREMIER LEVEL

Bank of Marin
FGWH
St. Joseph Health
Sonoma Clean Power
Sutter Health

EXECUTIVE LEVEL

AMERICAN RIVER BANK
COMCAST
KEEGAN & COPPIN CO.
MIDSTATE CONSTRUCTION

MEDIA LEVEL

NORTH BAY ASSOCIATION OF REALTORS
SONOMA COUNTY ALLIANCE SUMMIT STATE BANK
PISENTI & BRINKER LLP

SONOMA COUNTY BOARD OF SUPERVISORS
CONTENTS

4. EXECUTIVE SUMMARY
5. SEASONALLY ADJUSTED DATA
6. TOT QUARTERLY TRENDS
8. HISTORICAL DATA TABLE
   & INDUSTRY DEVELOPMENT
10. SOURCES, METHODOLOGY
    & ACKNOWLEDGMENTS
EXECUTIVE SUMMARY

FIRST QUARTER 2019
The Sonoma County Economic Development Board (EDB), in partnership with Sonoma County Tourism (SCT), is pleased to bring you the 2019 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 Q1 numbers, and the accommodation development report for January, February, and March of 2019.

TOT ASSESSMENT BY CITY

<table>
<thead>
<tr>
<th></th>
<th>Tax Rate (%)</th>
<th>TOT Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloverdale</td>
<td>10%</td>
<td>$28,890.05</td>
</tr>
<tr>
<td>Healdsburg</td>
<td>14%</td>
<td>$832,579.64</td>
</tr>
<tr>
<td>Petaluma</td>
<td>10%</td>
<td>$600,900.00</td>
</tr>
<tr>
<td>Rohnert Park</td>
<td>12%</td>
<td>$886,119.23</td>
</tr>
<tr>
<td>Santa Rosa</td>
<td>9%</td>
<td>$1,020,324.00</td>
</tr>
<tr>
<td>Sebastopol</td>
<td>10%</td>
<td>$125,917.84</td>
</tr>
<tr>
<td>Sonoma</td>
<td>10%</td>
<td>$673,703.08</td>
</tr>
<tr>
<td>Windsor</td>
<td>12%</td>
<td>$446,324.51</td>
</tr>
<tr>
<td>Unincorporated County</td>
<td>12%</td>
<td>$4,197,942.83</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-</td>
<td>$8,812,701.18</td>
</tr>
</tbody>
</table>

Source: Sonoma County and Cities Finance Departments

HIGHLIGHTS
- Sonoma County’s revenues for first quarter 2019 decreased 2.9% over first quarter 2018. Total county revenues for Q1 2019 equaled $8.81 million.
- Sebastopol, Petaluma, and Healdsburg had revenue increases of 18.1%, 8.4%, and 8.0%, respectively, from first quarter 2018 revenues.
- Healdsburg, Petaluma, and Sebastopol recorded their best first quarter TOT revenues to date.

For questions, please call (707) 565-7170.
FIRST QUARTER (CY)
This section analyzes the quarterly TOT trends for the aggregated city and unincorporated areas of Sonoma County from each first quarter from 2016 to 2019.

Summary of Findings
• The significant decrease in TOT revenue collected in Q1 of 2018 is largely due to the wildfires of late 2017 and their negative impact on visitor perceptions of Sonoma County.
• The decrease seen in Q1 of 2019 is partly due to the County experiencing excessive smoke from wildfires in surrounding counties in late 2018.
• The unincorporated area of Sonoma County has contributed an increasing percentage of the Total TOT tax collected over the last four years.
TOT QUARTERLY TRENDS

TOT REVENUE PERCENT CHANGE
Q1 2016 - Q1 2019
This sections shows the percentage change in TOT revenues based on the past four years of first quarter data from each city in Sonoma County.

Summary of Findings
• Cloverdale has less than 150 rooms total, so any fluctuation in the number of room nights sold is magnified in its TOT revenues percent change. The drastic increases and decreases in revenue seen since 2016 could be the result of booking a single group or conference one year and not the next.
• Although every city in Sonoma County experienced positive growth in their first quarter TOT revenues of 2018 (due in large part to the number of residents who were displaced from the wildfires in Q4 2017), Rohnert Park’s TOT Revenue increased drastically (70%). This was due to the completion of 163 rooms in the Oxford Suites Hotel in Q3 of 2017.
TOT QUARTERLY TRENDS

TOT RECEIPTS
Q1 2016 - Q1 2019
This section analyzes the quarter-over-quarter TOT revenue trends for each city and the unincorporated areas from Q1 2016 - Q1 2019.

Summary of Findings:
The county as a whole experienced a slight decrease (-2.9%) in the quarter-over-quarter TOT revenues from $9.1 million in Q1 2018 to $8.8 million in Q1 2019.

Q1 TOT Receipts
By City & Unincorporated Area, 2016-2019
(Millions of Dollars)

Source: Sonoma County and Cities Finance Departments
HISTORICAL TOT FIGURES

FIRST QUARTER 2015 TO FIRST QUARTER 2019

<table>
<thead>
<tr>
<th></th>
<th>UNINCORP.</th>
<th>CLOVERDALE</th>
<th>HEALDSBURG</th>
<th>PETALUMA</th>
<th>ROHNERT PARK</th>
<th>SANTA ROSA</th>
<th>SEBASTOPOL</th>
<th>SONOMA</th>
<th>WINDSOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2016</td>
<td>$2,298,335</td>
<td>$42,540</td>
<td>$512,384</td>
<td>$457,736</td>
<td>$615,223</td>
<td>$1,075,396</td>
<td>$86,520</td>
<td>$719,658</td>
<td>$353,453</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>$3,155,030</td>
<td>$30,348</td>
<td>$642,674</td>
<td>$451,715</td>
<td>$653,789</td>
<td>$1,096,346</td>
<td>$88,290</td>
<td>$611,474</td>
<td>$361,869</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>$4,119,694</td>
<td>$38,595</td>
<td>$770,878</td>
<td>$554,340</td>
<td>$1,112,743</td>
<td>$1,164,414</td>
<td>$106,642</td>
<td>$711,581</td>
<td>$497,666</td>
</tr>
<tr>
<td>Q1 2019</td>
<td>$4,197,943</td>
<td>$28,890</td>
<td>$832,580</td>
<td>$600,900</td>
<td>$886,119</td>
<td>$1,020,324</td>
<td>$125,918</td>
<td>$673,703</td>
<td>$446,325</td>
</tr>
</tbody>
</table>

INDUSTRY DEVELOPMENT

SONOMA COUNTY LODGING DEVELOPMENTS

Q1 2019 Updates
Sonoma County currently has 13 lodging industry development projects in the works. When completed, 1,134 rooms will be added to Sonoma County.

<table>
<thead>
<tr>
<th>City</th>
<th>Development Type</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 and Hearing Body</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kunkle Hosted Vacation Rental</td>
<td>Cloverdale</td>
<td>New</td>
<td>Vacation Rental</td>
<td>100 S. Jefferson St</td>
<td>1</td>
<td>2019</td>
<td>Plot Plan Permit Review approved 4/18/19</td>
</tr>
<tr>
<td>Carma Cottage</td>
<td>Healdsburg</td>
<td>Conversion</td>
<td>Vacation rental</td>
<td>144 Piper Street</td>
<td>2</td>
<td>2019</td>
<td>7/23/2019</td>
</tr>
<tr>
<td>Hotel E</td>
<td>Santa Rosa</td>
<td>New</td>
<td>Limited Service</td>
<td>37 Old Courthouse Square</td>
<td>70</td>
<td>Q3 2019</td>
<td>Under construction; partially complete - 34 rooms in operation</td>
</tr>
<tr>
<td>Residence Inn by Marriott</td>
<td>Santa Rosa</td>
<td>New</td>
<td>Limited Service</td>
<td>3558 Round Barn Circle</td>
<td>114</td>
<td>2021</td>
<td>Approved construction 7/2019</td>
</tr>
<tr>
<td>Hampton Inn and Suites</td>
<td>Santa Rosa</td>
<td>New</td>
<td>Limited Service</td>
<td>3745 Airway Dr</td>
<td>101</td>
<td>2020</td>
<td>Building permit plan review</td>
</tr>
<tr>
<td>La Quinta by Wyndham</td>
<td>Santa Rosa</td>
<td>New</td>
<td>Limited Service</td>
<td>111 Commercial Court</td>
<td>100</td>
<td>2020</td>
<td>Under construction</td>
</tr>
<tr>
<td>AC Hotel by Marriott</td>
<td>Santa Rosa</td>
<td>New</td>
<td>Limited Service</td>
<td>210 5th Street</td>
<td>142</td>
<td>2020</td>
<td>Under construction</td>
</tr>
</tbody>
</table>

SONOMAEDB.ORG
## INDUSTRY DEVELOPMENT

<table>
<thead>
<tr>
<th>City</th>
<th>Development Type</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 and Hearing Body</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hyatt Regency Sonoma Wine Country</td>
<td>Expansion</td>
<td>Full Service</td>
<td>170 Railroad Street</td>
<td>89</td>
<td>2018</td>
<td></td>
<td>Complete</td>
</tr>
<tr>
<td>Hotel Sebastopol</td>
<td>Sebastopol</td>
<td>New</td>
<td>Full service</td>
<td>6828 Depot Street</td>
<td>66</td>
<td>2020</td>
<td>Building permit under review, construction anticipated to begin early 2020</td>
</tr>
<tr>
<td>Wildflower (Formerly French Garden Inn)</td>
<td>Sebastopol</td>
<td>New</td>
<td>Limited Service</td>
<td>8050 Bodega Ave</td>
<td>11</td>
<td>TBD</td>
<td>Use Permit for French Garden Inn expired, unknown if new owners will re-apply.</td>
</tr>
<tr>
<td>Hyatt Place by Landmark Hotels</td>
<td>Unincorporated Area</td>
<td>New</td>
<td>Hotel w/ spa, pool, and rooftop restaurant</td>
<td>3750 N. Laughlin Road, Santa Rosa 95403</td>
<td>165</td>
<td>TBD. Entitlements late 2019-early 2020</td>
<td>Incomplete, application under review</td>
</tr>
<tr>
<td>Verano Hotel and Verano Family Housing</td>
<td>Unincorporated Area</td>
<td>New</td>
<td>Hotel with multifamily housing on a separate parcel</td>
<td>135, 155, 175 West Verano Avenue, Sonoma</td>
<td>120</td>
<td>TBD. Entitlement applications not submitted as of 7/25.</td>
<td>Conceptual Design Review on 7/17</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.
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 Departments.

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 5 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, and March) of calendar year 2019, 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, Peyton Sales.

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 Sonoma and the Sonoma County Auditor-Controller / Treasurer-Tax Collector office for providing information for the unincorporated areas of Sonoma County.