THIRD QUARTER TRANSIENT OCCUPANCY TAX REPORT

INDUSTRY REPORT

2022

ECONOMIC DEVELOPMENT BOARD

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EXECUTIVE SUMMARY

February 2023

THIRD QUARTER 2022

The Sonoma County Economic Development Board (EDB), in partnership with Sonoma County Tourism (SCT), is pleased to bring you the 2022 Third 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.

This report analyzes Sonoma County's historical Q3 TOT revenue numbers and contains the accommodation development report for July, August, and September of 2022.

TOT ASSESSMENT BY CITY

	Tax Rate (%)	TOT Revenue
Cloverdale	10%	$65,137.93
Healdsburg	14%	$2,967,220.00
Petaluma	10%	$1,140,140.00
Rohnert Park	12%	$1,368,283
Santa Rosa	9%	$1,532,235.00
Sebastopol	12%	$162,465.54
Sonoma	10%	$2,090,089.00
Windsor	12%	$777,974.44
Unincorporated County	12%	$9,933,034.97
TOTAL	-	$20,036,579.39

Source: Sonoma County and Cities Finance Departments

HIGHLIGHTS

- It appears that TOT revenues are leveling off after significant growth coming out of the pandemic. Sonoma County's revenues for Third Quarter 2022 decreased 2% over Third Quarter 2021. Total county revenues for Q3 2022 equaled $20.04 million. Total seasonally adjusted county revenues for Second Quarter 2022 equaled $16.7 million.
- Unincorporated Sonoma County, Petaluma, Sebastopol, Sonoma, and Windsor had year-over-year increases in TOT revenue between 1% and 18%.
- Healdsburg recorded the highest TOT revenues amongst the cities with nearly $3.0 million. Unincorporated Sonoma County's TOT revenue was $9.9 million, making up 50% of Sonoma County's total TOT revenue from Q3 2022.

For questions, please call (707) 565-7170.

SEASONALLY ADJUSTED TOT REVENUES

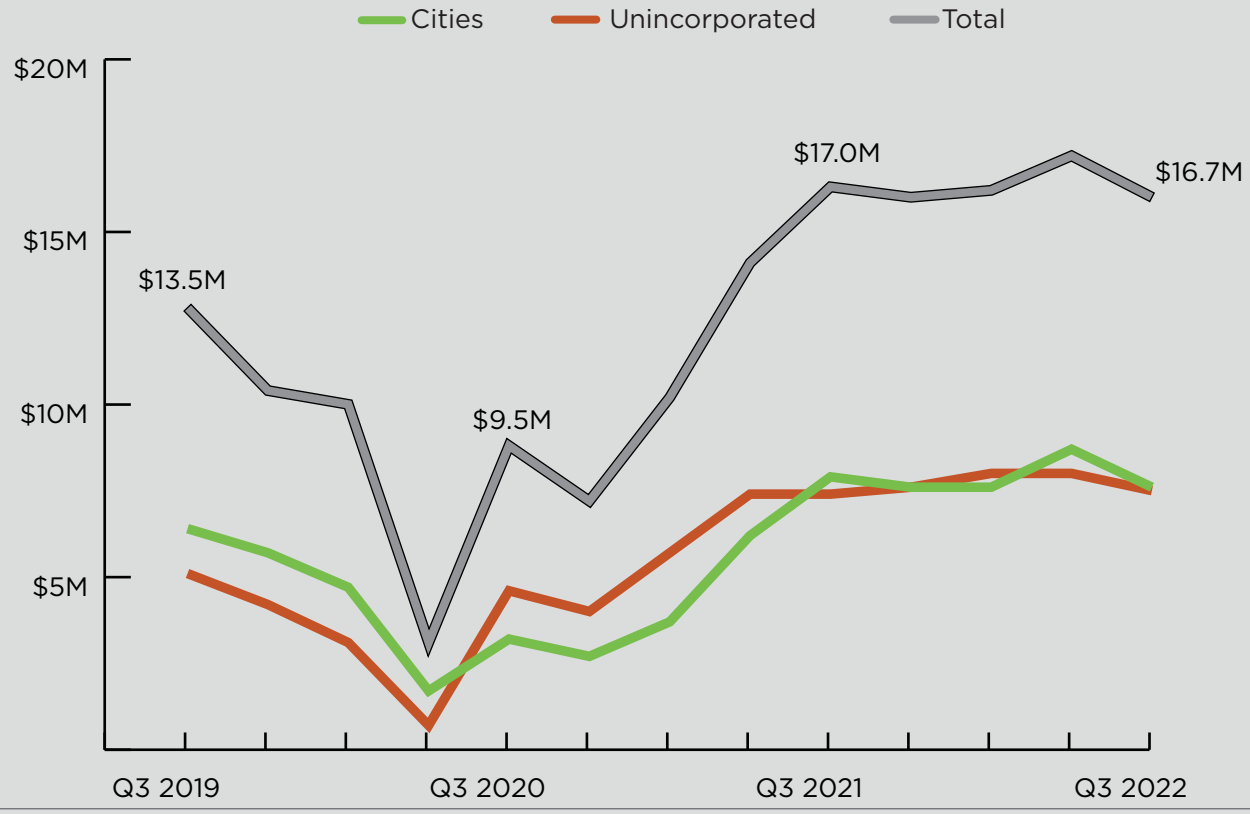
THIRD QUARTER (CY)

This section analyzes the quarterly TOT trends for the aggregated city and unincorporated areas of Sonoma County from each Third Quarter from 2019 to 2022.

Summary of Findings

- Total seasonally adjusted revenues were recorded at $16.7 million for Q3 of 2022.
- Q3 TOT revenues from 2021 and 2022 have exceeded the pre-pandemic levels in Q3 of 2019. Total TOT renenue for Q3 2019 was $13.5M versus $16.7M in 2022.
- The incorporated cities' revenues and Unincorporated Sonoma County revenue each represented 50% of total TOT revenue for Q3 2022.

Seasonally Adjusted Q3 TOT Revenues
Sonoma County, 2019 - 2022
(Millions of Dollars)



Source: Sonoma County and Cities Finance Departments

Note: When data is presented for statistics in areas that feature regular seasonal fluctuation, such as the unemployment rate or job growth, it must be seasonally adjusted to be valuable. Seasonal adjustment makes a comparison between observed fluctuations with expected ones. For example, if TOT revenue consistently increases in the third quarter of the calendar year, the data must be seasonally adjusted so the increases in revenue we observe are not just the result of the season.

TOT QUARTERLY TRENDS

TOT RECEIPTS

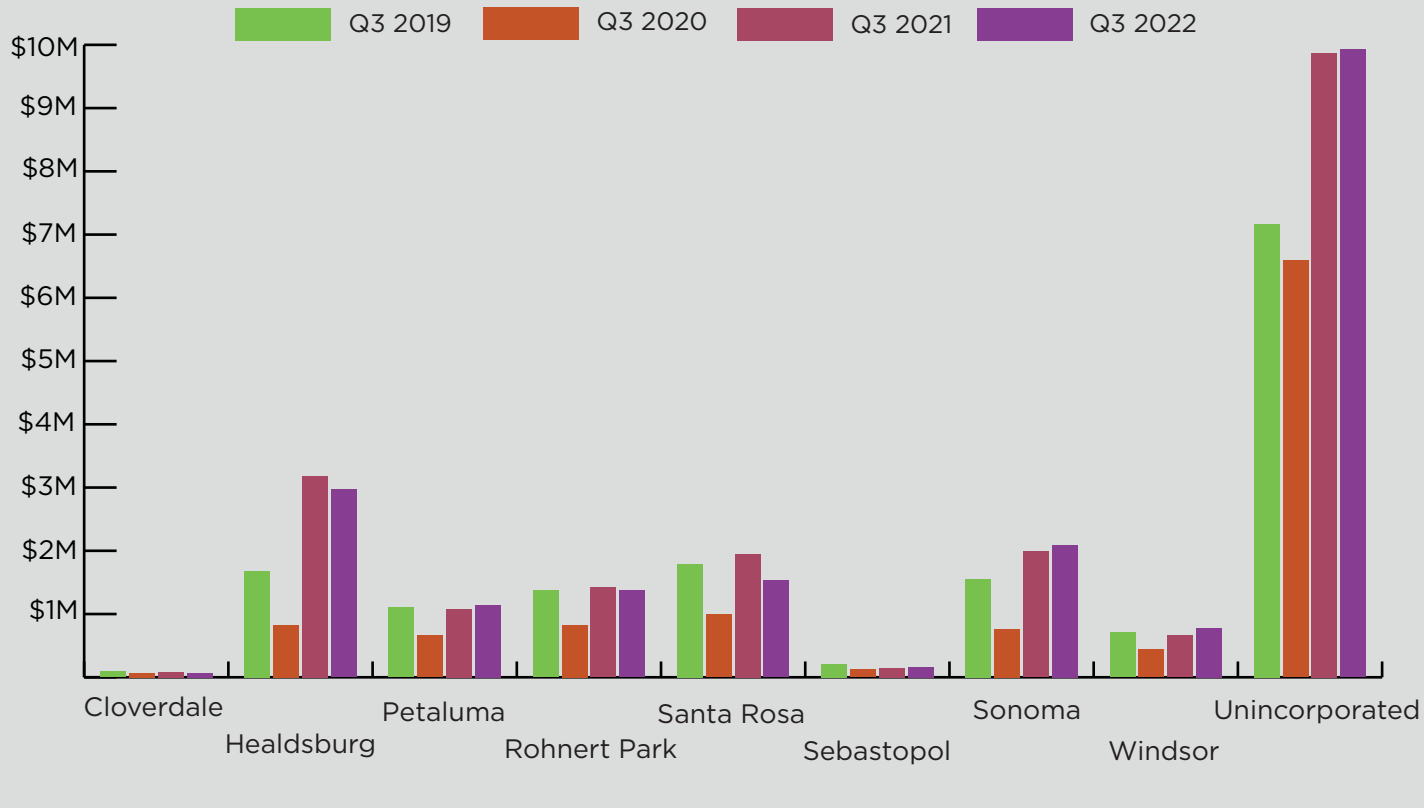
Q3 2019- Q3 2022

This section analyzes the quarter-over-quarter TOT revenue trends for each city and the unincorporated areas from Q3 2019 - Q3 2022.

Summary of Findings:

- The county's TOT revenues overall decreased 2% year-over-year from $20.4 million in Q3 2021 to $20.0 million in Q3 2022.
- For the sixth consecutive quarter, Healdsburg recorded the highest TOT revenue of the incorporated cities, with almost $3.0 million in revenue.
- Unincorporated Sonoma County, Petaluma, Sebastopol, Sonoma, and Windsor had year-over-year increases in TOT revenue.

Q3 TOT Receipts
By City & Unincorporated Area, 2019-2022
(Millions of Dollars)



Source: Sonoma County and Cities Finance Departments

TOT QUARTERLY TRENDS

TOT REVENUE PERCENT CHANGE

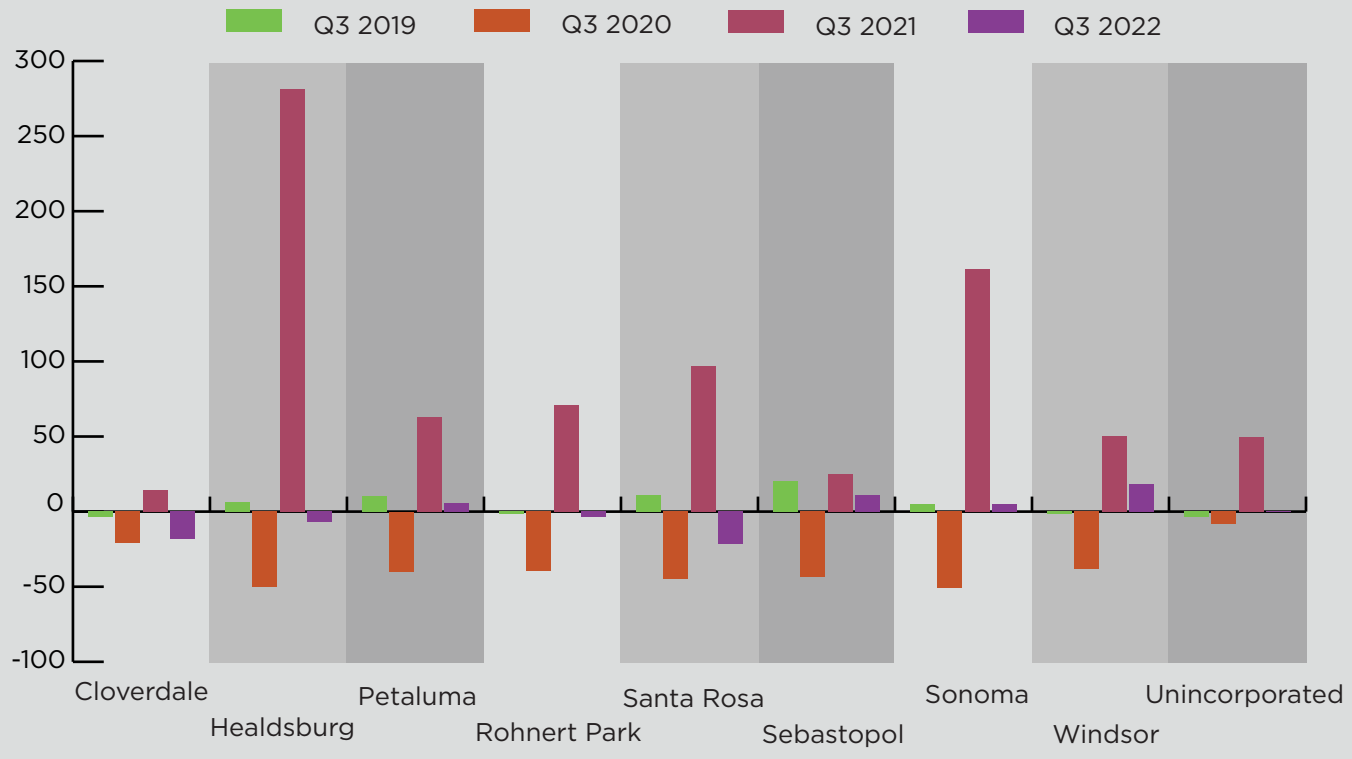
Q3 2019 - Q3 2022

This sections shows the percentage change in TOT revenues based on the past four years of third quarter data from each city and Unincorporated Sonoma County.

Summary of Findings

- Windsor saw the largest increase in year-over-year TOT revenues with an increase of 18% from Q3 2021 to Q3 2022.
- Unincorporated Sonoma County had a year-over-year increase in TOT revenue of 1% from Q3 2021 to Q3 2022.
- Q3 2020 to Q3 2021 saw large overall increases in TOT revenues across each city and Unincorporated Sonoma County, likely due to pent up travel spending after the worst of the pandemic. Q3 2021 to Q3 2022 saw more moderate changes in TOT revenue year-over-year, and a mixture of positives and negatives.

Q3 TOT Revenues Percent Change
By City and Unincorporated Area, 2019-2022
(Quarter over Quarter)



Source: Sonoma County and Cities Finance Departments

HISTORICAL TOT FIGURES

THIRD QUARTER 2019 TO THIRD QUARTER 2022

	UNINCORP.	CLOVERDALE	HEALDSBURG	PETALUMA	ROHNERT PARK	SANTA ROSA	SEBASTOPOL	SONOMA	WINDSOR
Q3 2019	$7,171,211	$88,308	$1,680,161	$1,096,680	$1,374,569	$1,791,847	$208,578	$1,546,760	$706,873
Q3 2020	$6,586,846	$69,731	$834,687	$659,728	$831,686	$991,194	$117,423	$760,376	$437,868
Q3 2021	$9,874,098	$79,493	$3,181,445	$1,075,796	$1,421,045	$1,953,184	$146,508	$1,988,597	$658,420
Q3 2022	$9,933,035	$65,138	$2,967,220	$1,140,140	$1,368,283	$1,532,235	$162,466	$2,090,089	$777,974

INDUSTRY DEVELOPMENT

SONOMA COUNTY LODGING & INDUSTRY PROJECT DEVELOPMENTS

Q3 2022 Updates

Sonoma County currently has 29 lodging industry development projects in the works. When completed, 2,383 rooms will be added to Sonoma County.

Project Name	City	Development Type	Lodging Type	Address/ Location	Rooms Proposed	Opening (Est.)	Phase	Comments
Cotati Hotel	Cotati	New	Boutique	147 Joseph Way	153	2024, January	Final Planning	-
Volpi inn	Cloverdale	New	Hotel	240 N. Cloverdale Blvd	5	2023	Planning	Planning entitlement approved, Building Permit not final yet.
The Lodge at Healdsburg Tapestry Collection by Hilton	Healdsburg	New	Upscale Chain	1261 Grove St	60	2023	In Construction	-
Appellation Healdsburg	Healdsburg	New	-	16977 Healdsburg Ave	108	2023	Final Planning	-
Hotel Weaver	Petaluma	New	Boutique	2 Petaluma Blvd S	93	-	Planning	-
Home 2 Suites	Petaluma	New	-	1205 Redwood Way	140	-	In Plan Check	Construction of a 85,802 sf hotel on a vacant pad established by the Redwood Technology Center PUD.
Silk Mill Rear Addition	Petaluma	Expansion	-	450 Jefferson St and 490 Wilson St	20	-	Planning	New 2-story building to expand the hotel services of the existing Hampton Inn Hotel at the historic Skill Mill.

INDUSTRY DEVELOPMENT

Project Name	City	Development Type	Lodging Type	Address/ Location	Rooms Proposed	Opening (Est.)	Phase	Comments
Holiday Inn Express Rohnert Park	Rohnert Park	New	Limited Service	Business Park Drive	86	-	Final Planning	Recieved planning approval in Aug. 2021; no building permits applied to date
Home 2 Suites by Hilton Rohnert Park Sonoma County	Rohnert Park	New	Limited Service	6490 Redwood Dr	96	-	Construction	-
Ishaq Project	Rohnert Park	New	Rentable units for extended stay	NW Corner of Golf Course & Dowdell	220-240	-	Planning approvals	Built in two phases with two hotels
Hotel E	Santa Rosa	Expansion	Limited Service	19 Old Courthouse Square- associated with 37 Old Courthouse Square	30	-	Plans approved, permit not issued	Delayed due to COVID. Construction anticipated to begin early-2023.
Economy Inn	Santa Rosa	-	Economy	502 Santa Rosa Ave	42	2023	Plans under review	Planning
Residence Inn by Marriott	Santa Rosa	New	Limited Service	3558 Round Barn Circle	112	-	In building plan review	Most recent is a denied building review
Hampton Inn & Suites	Santa Rosa	New	-	3815 Airway Drive	100		Most recent inspection 6/2022	Design Review approved August 2019
Tru by Hilton Santa Rosa Sonoma County Airport	Santa Rosa	New	Midscale chain	195 Aviation Blvd	101	2024	Planning	-
Hotel Sebastopol	Sebastopol	New	Limited Service	6828 Depot Street	66	-	Planning	Building permit issued. Construc-tion to begin Spring 2023.
Mac Arthur Place	Sonoma	Guest Room Expansion	Hotel	29 E Mac Arthur, Sonoma	11	-	In Construc-tion	-
Sonoma Hotel Project	Sonoma	New Hotel, Spa and Restaurant	Hotel	153 West Napa St. / 541 First St. West	62	-	Planning	-
Hyatt Place by Landmark Hotels	Unincorp. Area	New	Limited Service	3750 N. Laughlin Road	165	-	Final Plan-ning	Approved Condi-tion Compliance

INDUSTRY DEVELOPMENT

Project Name	City	Development Type	Lodging Type	Address/ Location	Rooms Proposed	Opening (Est.)	Phase	Comments
Kenwood Ranch Sonoma County Inn	Unincorp. Area	New	Full Service	900, 1200, 1202, and 1203 Campagna Lane, Kenwood	50	-	In Construction	Grading and building permits have been issued due to meeting the conditions for issuance.
The Lodge in Russian River	Unincorp. Area	New	Full Service	17155 Highway 116, Guerneville	108	-	Planning	Revised IS/ MND out for recirculation. Tentative date March 2023.
Glen Ellen Inn (Secret Cottages)	Unincorp. Area	Expansion	Limited Service	13670 Arnold Dr., Glen Ellen	3	-	In construction	Approved condition compliance.
River's Edge Lodge	Unincorp. Area	Conversion of existing cottages into lodging	-	15999 River Road, Guerneville	6	-	Planning	Currently on hold per request of the applicant. Requires Use Permit approval.
Kazemini Ranch	Unincorp. Area	New	Full Service	1820 Los Alamos Road, Santa Rosa	50	-	Planning	Staff recommends summary denial; BZA 2/9/2023
Optimal Hospitality	Unincorp. Area	New	Hotel	251 Aviation	101	-	Final Planning	Use Permit Approved; Grading permit issued; Building permit under review
Verano Hotel and Housing	Unicorp. Area	New	Hotel	175 East Verano Avenue, 155 West Verano Avenue, 135 West Verano Avenue	120	-	Final Planning	Grading and Sewer Permits in plan check, not issued.
Freestone Hotel	Unincorp. Area	Existing	Bed & Breakfast Inn	306 Bohemian Hwy, Sebastopol	5	-	Planning	Project Scoped Revised 11/2022 under review
Santa Rosa Ave	Unincorp. Area	New	Hotel	3785 Santa Rosa Ave	90	-	Planning	Use permit and Design Review in incomplete status; includes gas station and fast-food restaurant with hotel
The McClelland	Windsor	New	Limited Service	McClelland Dr & Market St	160	Spring 2024	In Construction	-

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 Third Quarter (July, August, and September) of calendar year 2022, 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 Economic Research Fellow **Katherine Fosburgh**.

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.

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