



SONOMA COUNTY ANNUAL TOURISM REPORT

INDUSTRY REPORT

2022



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EXECUTIVE SUMMARY

September 2022

The Sonoma County Economic Development Board (EDB), in partnership with Sonoma County Tourism, is pleased to bring you the 2022 Annual Tourism Report. The report contains three sections integrating findings on the local tourism industry.

MOODY'S ANALYTICS INDUSTRY ANALYSIS

Moody's is a leader in economic research and provides key quantitative and qualitative analysis on Sonoma County's tourism industry. Key findings include:

- Sonoma County's tourism industry continues to recover from the worst of the pandemic in 2020. Contagion fears are decreasing and people's willingness to travel continues to rise. Sonoma County will benefit from its proximity to large population hubs as visitors are more willing to travel by car than by plane.
- Sonoma County's reputation for high-end wine, craft beer, outdoor recreation and cuisine will continue to aid recovery from the COVID-19 pandemic. A release of pent-up demand will boost tourism to the area. Data already shows improving trends in tourism-based industries.
- Sonoma County should continue to appeal to younger generations. Millennials prefer high quality beverages and food, which they will find in Sonoma County. Spending patterns of Generation Z show a premium for experiences that will compliment the demand of millennials as well.

TOURISM INDUSTRY INDICATORS

Sonoma County Tourism, in partnership with Visit California and Dean Runyan Associates provided the latest available economic impact figures on the economic impact of travel and tourism in Sonoma County.

Key findings include:

- Direct visitor spending in Sonoma County in 2021 totaled \$1.9 billion, a 59% increase from \$1.1 billion in 2020 and 12% lower than 2019 (\$2.2 billion). Sonoma County remained just behind Monterey (\$2.5 billion) and ahead of Napa (\$1.5 billion) and San Luis Obispo (\$1.7 billion) Counties.
- Sonoma County's Transient Occupancy Tax (TOT) totaled \$60.6 million in 2021. This was a 103% increase from \$29.9 million in 2020. \$60.6 million is the greatest TOT revenue ever collected in Sonoma County.

SONOMA COUNTY VISITOR PROFILE

Sonoma County Tourism partners with Longwoods International to gain insights into its visitor base. Tapping into Longwood's proprietary 2021 Travel USA survey, which included approximately 1,180 travelers who had visited Sonoma County in the last 12 months, the following key findings were:

- In 2021, Sonoma County welcomed 9.9 million visitors: 4.6 million overnight and 5.3 million day visitors. The average stay was 1.9 nights and the average per-person expenditure for overnight visitors was \$185.
- The main reasons for travel to Sonoma County were visiting friends and relatives, touring trips, and outdoor exploration. The top activities and experiences enjoyed by guests were shopping, visiting wineries/breweries/distilleries, sightseeing, attending celebrations, and business conventions/conferences.

For additional information, questions, comments, or suggestions please contact us at (707) 565-7170 or visit www.sonomaedb.org.



MOODY'S ANALYTICS TOURISM ANALYSIS

Recent Performance

- Sonoma County’s tourism industry is showing signs of life, and the county enjoyed a much more fruitful year in 2021 relative to the worst of the pandemic in 2020. Travel restrictions have eased throughout the country, and the return of domestic travel is nearing pre-COVID-19 levels. According to data compiled by Dean Runyan Associates, Sonoma County’s visitor spending jumped 58% year over year in 2021, just 10% below its 2019 level. With contagion fears significantly lower since the vaccination rollout, hospitality operators through the first half of this year are building off the progress made in 2021.
- The COVID-19-induced economic recession dealt a body blow to tourism-centric economies nationwide, and leisure/hospitality payrolls were the worst-faring industry in nearly every part of the country. Sonoma County was no different. Leisure/hospitality employment was cut in half at the onset of the pandemic, but the recovery surged ahead in 2021 and the early months of this year. Sonoma County’s tourism industry is also faring slightly better than the regional average. Employment is now just 4% below its pre-pandemic peak, compared with a 7% deficit for the West.
- Lodging data paints a similarly upbeat picture, and one where the recovery is gaining momentum but still not quite fully back to normal. Hotel revenues, occupancy,

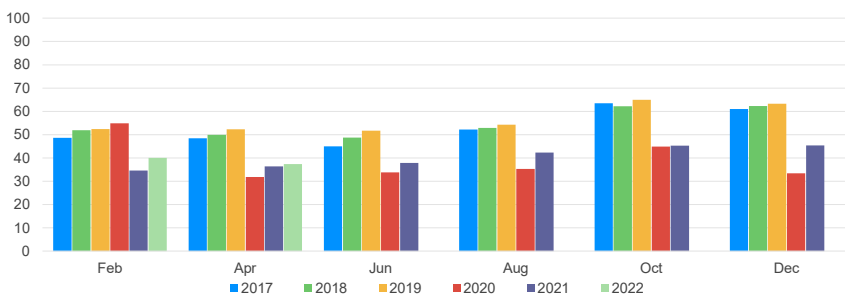
and average daily rates are all on the upswing, and the busy summer months are poised for continued growth. Consumers feel more confident and more willing to vacation.

Macro Drivers

- Hand-wringing over prospects for a U.S. recession beginning in the next year or two has become increasingly fevered. While a near-term recession is not the consensus view, a growing list of economists are calling for a downturn. We put the odds that the economy will suffer a downturn beginning in the next 12 months at one in three with uncomfortable near-even odds of a recession in the next 24 months.
- Painfully high inflation and inflation expectations are behind this elevated risk and have forced the Federal Reserve to go on high alert and quickly raise short-term interest rates and engage in quantitative tightening to nudge long-term rates higher.
- Even with rising interest rates and high inflation, the U.S. consumer keeps spending. Retail sales continue to tick higher, and the details are solid. Importantly, the recovery in retail sales at restaurants continues, with sales rising 2% between March and April. This is consistent with the improvement in the weekly data from OpenTable.
- Although the rebound in consumer spending has been inconsistent, the trend will become

More Americans Planning to Travel

% of Americans planning a vacation in the next 6 mo



Sources: The Conference Board, Moody's Analytics

Chart: The share of Americans who are planning a vacation in the next six months is steadily rising. Americans have been postponing vacation plans for the better part of two years, but there is increasing evidence that the vaccine rollout and the end of most travel restrictions are pushing more to travel this summer. Despite significant risks in the economic outlook due to inflationary concerns and geopolitical tensions, consumers are making good on vacation plans. TSA traveler volumes are approaching 2019 volumes, further illustrating Americans’ comfort in traveling.



MOODY'S ANALYTICS TOURISM ANALYSIS

modestly favorable after the drags from supply constraints gradually lessen. Real consumer spending is forecast to increase 2.8% this year and 2.7% next. This is weaker than the 5.7% growth in 2021.

- The composition of consumer spending will continue to shift away from goods and toward services, especially as income growth remains strong. There is pent-up demand for a number of consumer goods, as the pandemic and fiscal stimulus pulled forward some spending on goods. However, there is pent-up demand for consumer services such as travel and real consumer spending is still below its pre-pandemic trend.
- The rapid labor market recovery provides the fundamentals that will drive service spending, hence the recovery in Sonoma County's tourism industry. The pandemic is weighing less heavily on hiring, and the Russian invasion of Ukraine has had little impact to date. The sustained pace of payroll gains brings employment within 1.2 million of its pre-pandemic level, a gap that is expected to close by the second half of 2022. Job gains will total about 4.5 million in 2022. Leisure/hospitality and government account for most of the deficit, and it will take several more years at least for these sectors to recover completely.
- Geopolitical conflicts and inflation fears have caused an extended slide in equity prices, fanning concerns of diminished consumer spending via the wealth effect. The Standard & Poor's 500 is down 14% since December but is still up 23% from its pre-pandemic high. Even with the current selloff, investors have enjoyed double-digit per annum returns over the past decade. While consumers have begun to draw down their excess savings from the pandemic, an estimated \$2.5 trillion remains, equal to well over 10% of GDP. While the bulk of these savings will not be spent, there is plenty of extra cash to help consumers remain stalwart spenders.
- The unemployment rate will fall to only 3.3% by year's end, below its pre-pandemic

low, and the labor market will reach full employment in early 2023. The tight labor market will maintain upward pressure on wages.

- Easing contagion fears will also determine the fortunes of Sonoma County vintners and spirit makers. While these businesses adapted well to pandemic closures, visitor spending at wineries and restaurants will bolster the business recovery.

Industry Drivers

- Sonoma County's allure as a global destination for high-end wines, craft beer, outdoor recreation and cutting-edge cuisine will pave the road to recovery from the COVID-19-induced recession. Tourism-centric metro areas fared the worst during the pandemic but will also see an outsize boost as pent-up demand for travel is unleashed. Data from Homebase—which tracks hours worked, businesses open, and the number of employees across a number of small, primarily consumer, businesses—reveal a broad improving trend.
- The outlook for Sonoma County will undoubtedly depend on the decreased contagion fears and consumers' willingness to travel. According to the Conference Board, the share of Americans planning a vacation in the next six months rose to 37% in April, marking steady improvement over the last six months, though it is still far below historical levels. Rising gasoline prices and inflationary pressures likely suppressed some of the growth that had been seen earlier this year, but Moody's Analytics expects this number to rise higher if the U.S. economy avoids a significant downturn and inflation fears begin to recede.
- The two components considered to be the closest proxies to measure changes in people's openness for in-person activities—passenger throughput at airports and seated diner volume at restaurants—have increased solidly this year.
- Transportation Security Administration

MOODY'S ANALYTICS TOURISM ANALYSIS

traveler volumes are improving and through the end of May are 86% of their 2019 figures, compared with just over 50% through the same period last year.

- Data from OpenTable, which charts seated diners at restaurants, show a similar improvement, with statewide figures in May roughly on par with their pre-pandemic levels. Consumers are growing more comfortable with traveling and dining, and this will improve throughout the summer as each subsequent wave of the pandemic causes less disruption.
- Consumers' professed comfort in taking vacations has followed a similar trend. According to Morning Consult, the share of respondents who are willing to travel rose to 70% in the last week of May and is 14 percentage points higher than it was at the start of the year. Respondents are more comfortable traveling by car than through domestic air travel, and this will likely help Sonoma County recover more quickly than other tourism-centric areas given its proximity to large population hubs and more of a reliance on visitors from neighboring metro areas within driving distance. High gas prices through the rest of this year may dissuade some travelers, but these are expected to recede by year's end.
- Although the outlook for tourism is quickly improving, it will take some time to repair the damage inflicted from the pandemic.

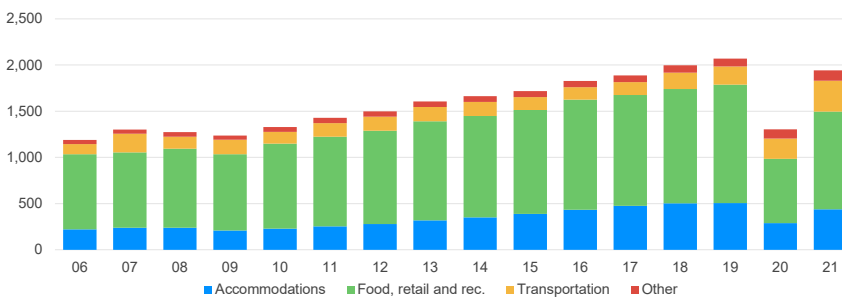
Sustained improvement in visitor spending will drive employment gains through the year, but it will take years to recover all pandemic-related losses.

Pricing

- Hospitality operators are seeing a substantial improvement in pricing power, though there is still some room for improvement. Hotel lodging data broadly are improving, with occupancy rates climbing higher as postponed vacations and large conferences and events are returning.
- Higher visitor foot counts will likewise improve pricing power at tasting rooms, restaurants, breweries, and outdoor recreation firms. Data from OpenTable shows that seated diners at California restaurants are rapidly approaching pre-pandemic levels, down on average just 1% in May compared with the same period in 2019. County restaurants' pricing power will recover in tandem and could improve further if pent-up demand and excess savings are pushed toward more spending on services in the summer and latter half of the year.
- Longer term, supply constraints will add to hotels' pricing power. Despite rebuilding efforts and the opening of several new establishments, the number of hotel rooms in the county will rise only modestly over the next few years. The extension of occupancy taxes to vacation rental websites such as Airbnb will narrow their price advantage over traditional hotels and will mean that most

Visitor Spending Makes Strides, but Still Not Fully Recovered

Visitor spending, \$ mil



Sources: Dean Runyan Associates, Moody's Analytics

Chart: As expected, visitor spending in Sonoma County cratered in 2020 as a result of the COVID-19 pandemic and only began to recover in 2021 as travel restrictions were lifted and the vaccine rollout progressed. Visitor spending recovered strongly in the second half of the year, but the slow start to the year ensured that it still lagged its precrisis levels by a significant margin. Moody's Analytics expects a near-full recovery in 2022, though it will still likely trail its all-time high from 2019. Higher energy prices and lingering contagion fears will likely sap some demand for leisure travel.



MOODY'S ANALYTICS TOURISM ANALYSIS

overnight visitors will face higher prices.

Operating Expenses

- Labor shortages, which are hampering businesses' ability to get back in full swing, are pushing up wages and prices. In April, job openings remained near a record high. Available jobs in leisure/hospitality far outpace hiring in the industry.
- As a result, leisure/hospitality wages in the county are up 17% on a year-ago basis through the third quarter of 2021 and have advanced a whopping 27% since the start of 2020. This pace of wage growth will not be sustained, however, as employers find ways to make do with fewer workers.
- Beyond labor expenses, other operating expenses, namely leasing expenses, will also climb higher. Commercial real estate prices are pressing higher, and retail vacancy rates are down a full percentage point from their pre-COVID-19 levels.

Profitability

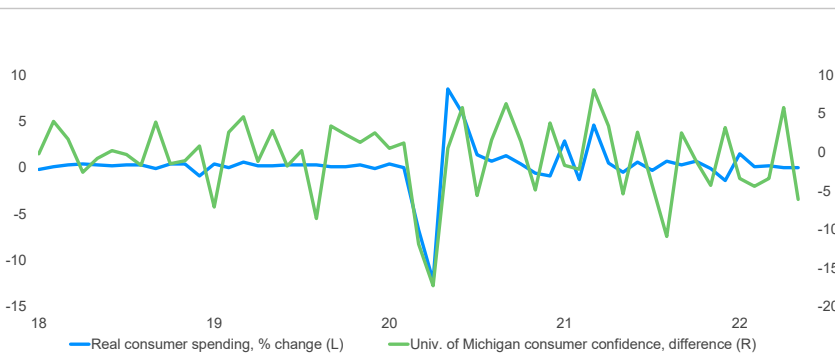
- Profit margins will improve at a more modest pace this year. Rising revenue at local hotels will help offset quickly advancing operating expenses. Unfortunately, profitability will still slightly lag its pre-pandemic levels. Higher fuel prices and still-lingering contagion fears will hamstring more robust revenue growth while higher input costs with wages quickly rising in leisure/hospitality will drive up costs.
- Wineries and breweries will likewise see

margins improve as tasting room visitation ticks higher through the end of the year. Small wineries rely heavily on foot traffic to sell higher-end bottles and generate new consumers. Outdoor recreation and adventure firms will likely fare even better, as outdoor activities are less exposed to contagion risk. Residents are still more willing to congregate in outdoor spaces rather than indoors, as evidenced by Google Mobility data.

Long-term Outlook

- The near-term outlook for Sonoma County's tourism is one of guarded optimism. The carnage inflicted on tourism-facing industries will take some time to heal, but favorable macroeconomic and epidemiological tailwinds will allow for a rapid recovery in the second half of the year. While risks of recession are rising uncomfortably high, the baseline forecast calls for the Fed to navigate a soft landing for the economy, slowing growth but avoiding a recession.
- So long as the Fed engineers a smooth landing in its quest to tame inflation without derailing the economic recovery, the prospects for Sonoma County's tourism industry remain on firm footing. Contagion fears are receding into the rearview mirror, and each subsequent COVID-19 variant has caused fewer economic disruptions. A sustained improvement in visitor spending through this year and next will be the first

Glum Consumers Still Spend



Sources: BEA, Univ. of Michigan, Moody's Analytics

Chart: The University of Michigan consumer sentiment survey has dropped noticeably, fanning concerns about U.S. consumer spending and the prospect of a recession. However, consumers are still opening up their wallets and spending continues to tick higher. The fall in consumer confidence is likely due to a sharp uptick in gas prices and an equity market correction. With household balance sheets still in pristine shape, consumer spending will climb higher this year, which augurs well for tourism-centric areas like Sonoma County.



MOODY'S ANALYTICS TOURISM ANALYSIS

steps in a long road to recovery for Sonoma County's tourism-centric businesses.

- Longer term, Sonoma County will steadily rebuild its tourism base given the county's natural beauty, proximity to strong regional economies, and diverse tourist attractions. Visitors will flock to the area's superior wineries and scenic trails, while budding breweries and wellness establishments will enhance the visitor experience.
- Food and beverage services will be a particular draw for younger generations. Millennials prefer higher-quality wines, craft beers, and local organic food, and they can experience all three in Sonoma County. The recent legalization of marijuana may provide an additional avenue to attract more tourists. Generation Z, the cohort born after 1995, displays similar spending patterns and places an even higher premium on experiences rather than consumer products. As this cohort reaches adulthood, they will complement millennials as an important source of demand for local goods and services.

Upside Risks

- Consumers have saved massively more than normal since the pandemic began, as spending fell while income rose in aggregate thanks to government largesse. This saving increased early this year with stimulus. The assumption is that these monies stay in consumers' hands as a reserve against further economic upheaval and, for baby boomers, at least, retirement security. Should consumers decide to spend the money, as they may feel so pent up that they cannot take it anymore, it could be happier times for retailers. If so, an even larger than anticipated spending boom could occur, especially benefiting Sonoma County's tourism industry.
- Increased transportation links between Sonoma County and other travel destinations create additional upside risk for tourism. The building back of nonstop flights at Charles M. Schulz Airport boosted air arrivals by

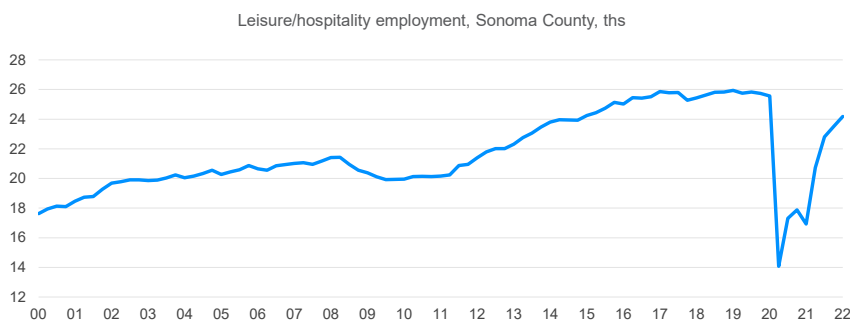
close to a fifth last year. While air travel is not expected to return to pre-COVID-19 levels any time soon, additional transportation links position Sonoma County to capitalize on more out-of-state travelers.

Downside Risks

- Risks are tilted significantly to the downside. The highest inflation in more than 40 years forced members of the Federal Open Market Committee to turn significantly more hawkish. The Fed will need to tread cautiously to prevent derailing the economic recovery. If the Fed is too aggressive in normalizing policy, it could ignite a panic in financial markets, causing asset prices to plummet.
- Higher interest rates could also cut off the flow of credit, slowing growth. With Sonoma County's tourism industry reliant on discretionary spending, any hit to the national economy would spell trouble for the county.
- Labor shortages are another downside risk to the labor-intensive tourism industry. The economic reopening led to a surge in job and income growth as the most affected industries competed for the same pool of labor. The inability to find a sufficient number of workers to adequately service tourists could stem the recovery in visitor spending.
- While COVID-19 appears to be slowly receding, thus becoming less disruptive to global supply chains, tourism and business travel, immigration, and labor markets, the risk of a resurgence remains. The Moody's Analytics baseline might be too sanguine. It assumes each new wave of the virus will be less disruptive to the healthcare system and the economy than the preceding wave as the government and businesses learn to navigate through the economic fallout.

MOODY'S ANALYTICS TOURISM ANALYSIS

Recovery Is Underway, but Still Some Room to Run



Sources: BLS, Moody's Analytics

Chart: Leisure/hospitality employment took the brunt of the labor market damage following the COVID-19-induced recession, and the subsequent recovery had been holding back the economic recovery. However, strong growth over the past six months has payrolls down just 4% from their pre-COVID-19 peak, in line with total payrolls for the first time since the onset of the pandemic. Moody's Analytics expects leisure/hospitality employment to recoup all its job losses by the middle of next year.

Colin Seitz
May 2022



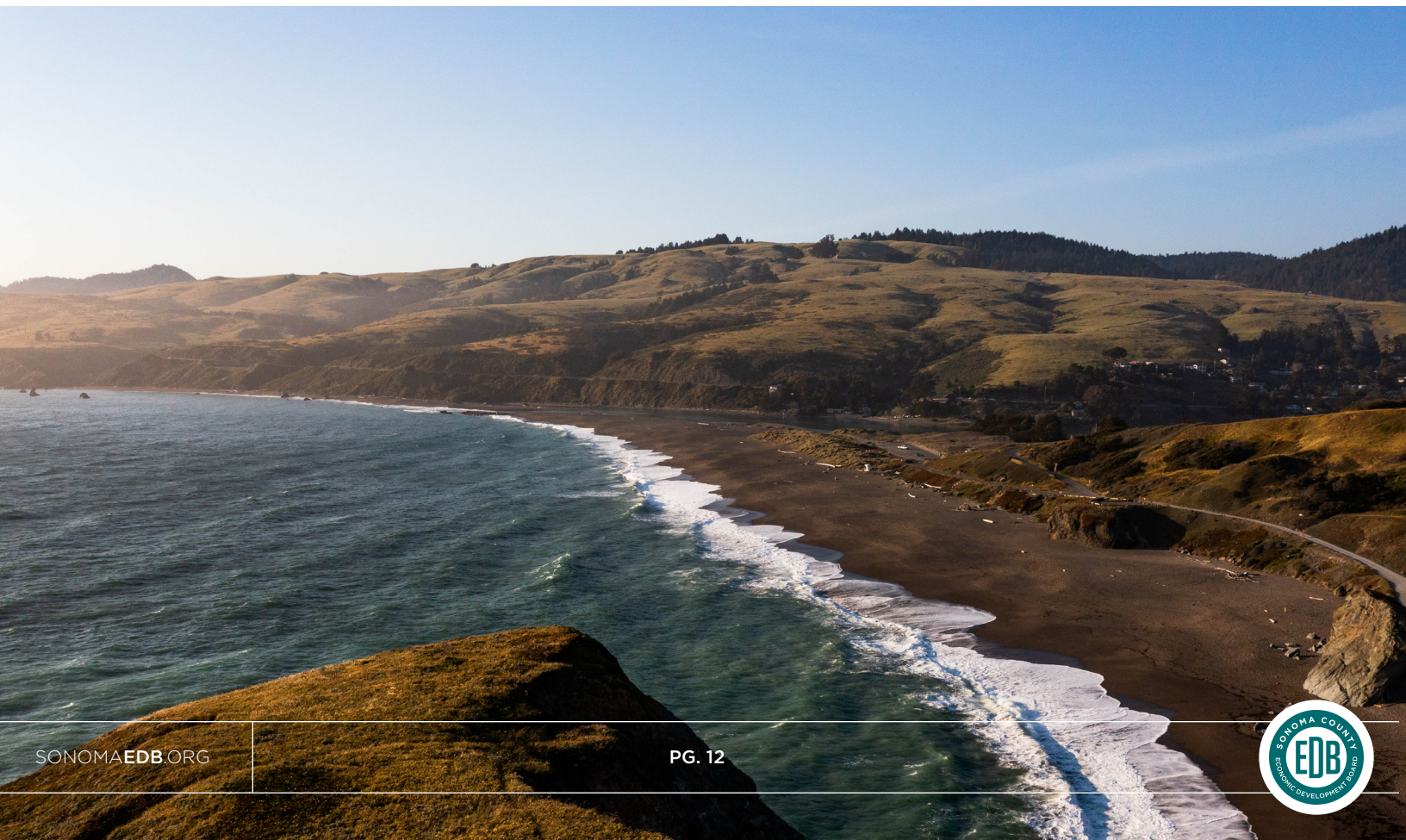
TOURISM INDUSTRY INDICATORS

The Tourism Industry Indicators section is based on data prepared for Sonoma County Tourism by Dean Runyan Associates, as well as industry data from Smith Travel Research, Longwoods International, and Sonoma County's Transient Occupancy Tax receipts. Where necessary, the data and graphs in this section have been adjusted for inflation using the U.S. Bureau of Labor Statistics Consumer Price Index.

Monterey, Napa, and San Luis Obispo are used as comparison counties because of their similarities in offerings as tourism destinations.

KEY FINDINGS

- In 2021, Sonoma County welcomed 9.9 million overnight and day visitors.
- Direct visitor spending in Sonoma County in 2021 totaled \$1.9 billion, a 59.0% increase from 2020 and a 12% decrease relative to 2019 spending levels.
- The 2021 Sonoma County Occupancy Rate was 64%, Average Daily Rate was \$200, and RevPAR was \$128.82. The YOY% change from 2020 for Occupancy Rate increased 20.7%, ADR increased 42.9% and RevPAR increased by 76.3%.
- 17,640 jobs were generated by travel spending in 2021, placing Sonoma County third among comparable counties. Monterey county had 21,550 jobs generated and ranked first and San Luis Obispo had 19,760 jobs generated and ranked second.
- The Charles M. Schulz - Sonoma County Airport (STS) served 435K passengers in 2021 resulting in a 123% increase in total passengers from 2020.
- Sonoma County's Transient Occupancy Tax (TOT) receipts totaled \$60.6 million in 2021. This is a 103% increase from 2020. \$60.6 million is the greatest TOT revenue ever collected in Sonoma County.

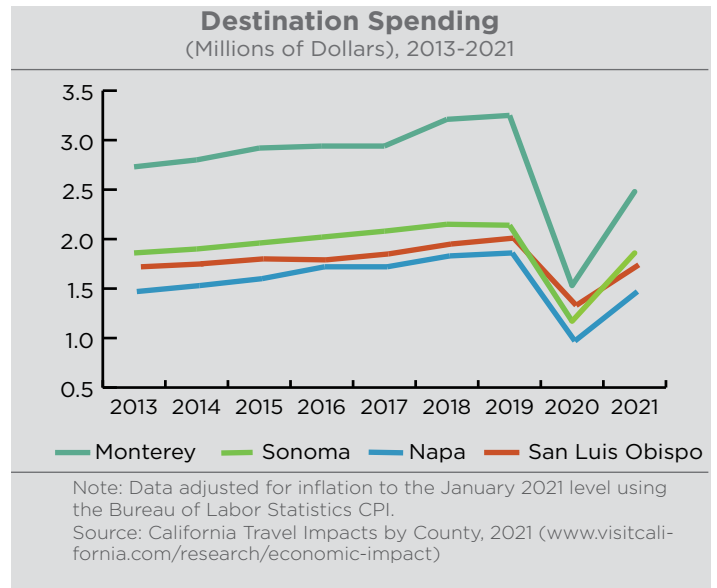


TOURISM INDUSTRY INDICATORS

DESTINATION SPENDING

Destination Spending by Year

Destination spending is the total amount spent by visitors in Sonoma County. This indicator includes all spending on accommodations, retail (includes on-premise wine sales), and other tourism-related purchases. The most recent figures show that Sonoma County's destination spending increased by 59.0% from \$1.17 billion in 2020 to \$1.86 billion in 2021.



TOURISM INDUSTRY INDICATORS

DESTINATION SPENDING BREAKDOWN

Total Industry Earnings Generated by Travel Spending

The most recent figures show that Sonoma County's Industry Earnings Generated by Travel Spending increased by 12% from \$660 million in 2020 to \$739 million in 2021.

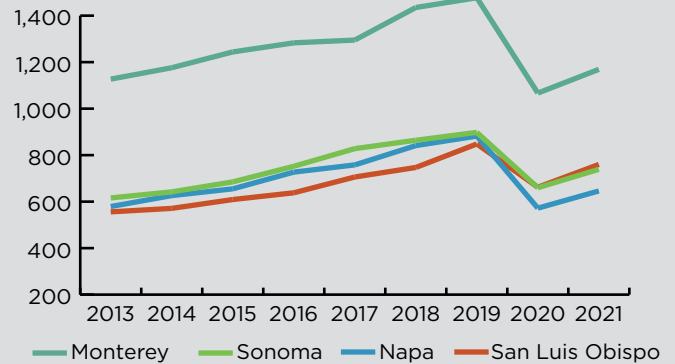
Distribution of Visitor Spending by Commodity

As in previous years, the overall distribution of commodity-based visitor spending in Sonoma County is comparable to the featured competitive counties. Visitors to Sonoma County devoted 29.4% of spending towards accommodations and 28.9% of spending towards food and beverage services. Arts, entertainment, recreation, and retail sales make up almost a third of visitor spending.

Distribution of Visitor Spending by Accommodation

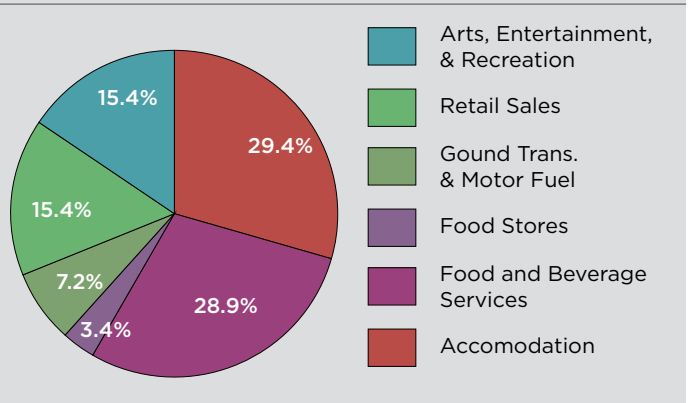
In comparison with other competitive counties, Sonoma County has the largest share of visitor spending from Day Travel (15.7%, compared to 9.4% in Monterey, 14.4% in Napa, and 8.5% in San Luis Obispo). Sonoma County has the smallest share of spending for Hotel and Motels (62.3%, compared to 76.3% in Monterey, 78.5% in Napa, and 70.8% in San Luis Obispo).

Total Industry Earnings Generated by Travel Spending
(Millions of Dollars), 2013-2021



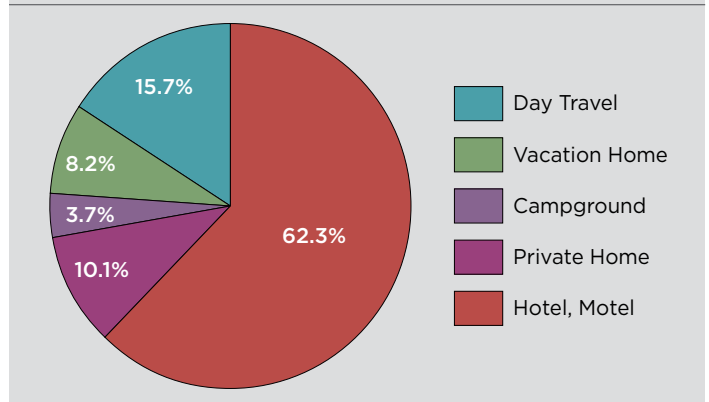
Note: Data adjusted for inflation to the January 2021 level using the Bureau of Labor Statistics CPI.
Source: California Travel Impacts by County, 2021
(www.visitcalifornia.com/research/economic-impact)

Distribution of Visitor Spending by Commodity
Sonoma County, 2021



Source: California Travel Impacts by County, 2021
(www.visitcalifornia.com/research/economic-impact)

Distribution of Visitor Spending by Accommodation
Sonoma County, 2021



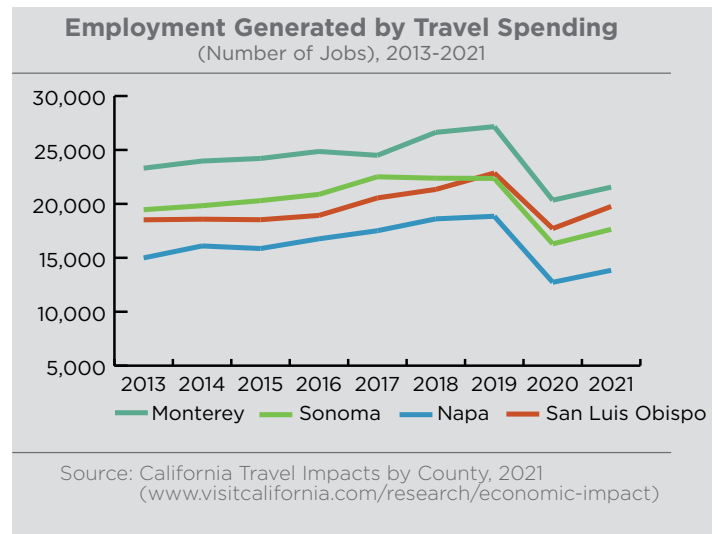
Source: California Travel Impacts by County, 2021
(www.visitcalifornia.com/research/economic-impact)

TOURISM INDUSTRY INDICATORS

INDUSTRY EMPLOYMENT

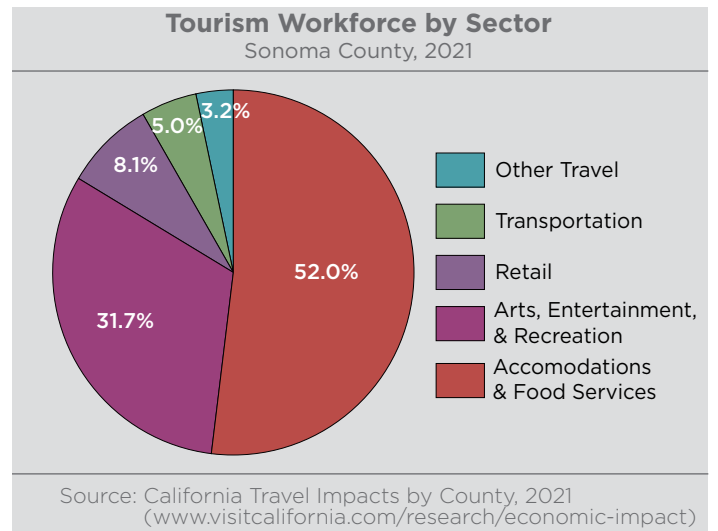
Employment Generated by Travel Spending

With 17,640 jobs generated by tourist destination spending in 2021, Sonoma County ranks third against comparable counties - Monterey had 21,550 tourism jobs, San Luis Obispo had 19,760 tourism jobs, and Napa had 13,840 tourism jobs. Employment generated by tourism spending in Sonoma County increased 8.3% from 2020 to 2021.



Sonoma County Tourism Employment by Sector

Distribution of employment within Sonoma County's tourism industry is similar to previous years, with 52.0% of employment in Accommodations & Food Services, 31.7% in Arts, Entertainment & Recreation, and 8.1% in Retail.

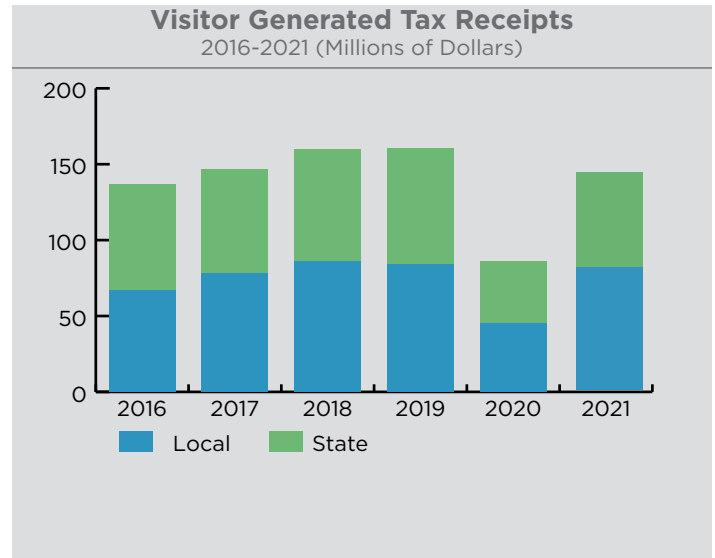


TOURISM INDUSTRY INDICATORS

TOURISM-GENERATED TAXES

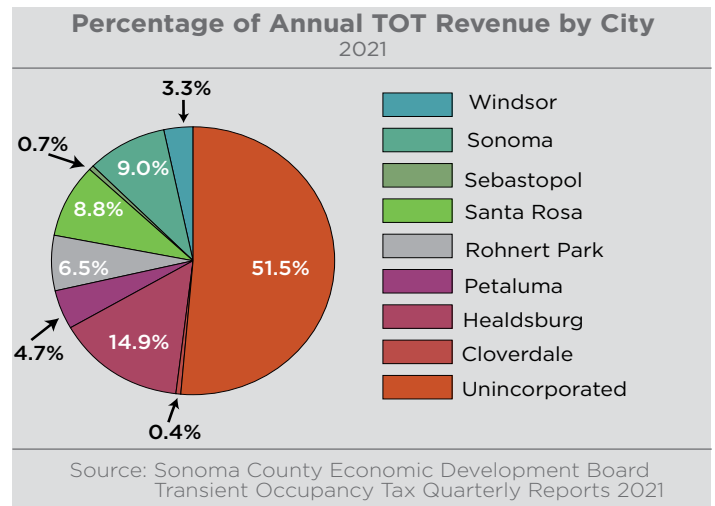
Visitor Generated by Tax Receipts

Spending by day travelers and overnight visitors to Sonoma County generate a significant amount of tax for state and local governments. Total local taxes collected from visitors to Sonoma County were estimated at \$81 million in 2021. Total state taxes collected from those same visitors was \$62 million in 2021. Total local and state tax collection increased by \$57 million or 66.6% from 2020 to 2021.



Percentage of Annual TOT Revenue by City

Revenues from TOT are divided between the County of Sonoma (which receives revenue from lodging properties in unincorporated regions) and the individual cities in the county. Collectively, the incorporated cities generated 48.5% of all revenue in 2021, while the unincorporated areas of the county generated 51.5%.



TOURISM INDUSTRY INDICATORS

TRAVEL IMPACTS BY CITY

Sonoma County Tourism commissioned Dean Runyan Associates to create a special report showing revenue generated from each municipality in Sonoma County in 2021. The findings:

	Spending (\$ Million)	Earnings (\$ Million)	Employment (Jobs)	Tax Receipts* (\$ Million)		
				Local	State	Total
Cloverdale	10.5	4.0	94.2	0.6	0.5	1.1
Healdsburg	227.1	85.3	2034.3	12.9	9.9	22.8
Petaluma	129.5	48.6	1159.7	7.4	5.6	13.0
Rohnert Park	139.5	52.4	1249.9	7.9	6.1	14.0
Santa Rosa	317.5	119.2	2844.2	18.1	13.8	31.9
Sebastopol	21.0	7.9	187.9	1.2	0.9	2.1
Sonoma	140.0	52.6	1254.4	8.0	6.1	14.1
Unincorporated/ Other	917.1	344.4	8216.0	52.2	39.9	92.0
Windsor	66.7	25.1	597.7	3.8	2.9	6.7
COUNTY TOTALS	1968.9	739.3	17638.4	112.0	85.6	197.6

*Tax receipts include tax receipts generated by visitors to Sonoma County as well as businesses and employees within the county.

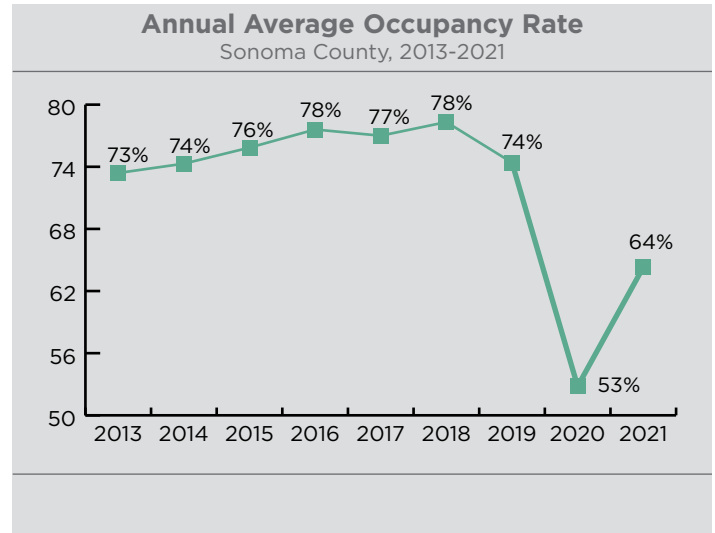


TOURISM INDUSTRY INDICATORS

LODGING & HOSPITALITY ASSESSMENT

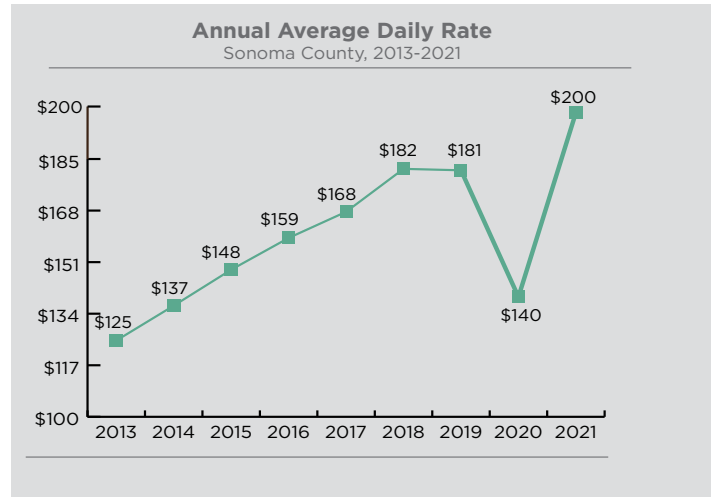
Occupancy Rate

The occupancy rate for Sonoma County is determined by dividing the total room nights sold by the total room nights available for purchase. The average annual occupancy in 2021 was 64%. This is an 11 percentage point increase in occupancy rate from 2020 to 2021. Average annual occupancy was 10 percentage points lower in 2021 than in 2019.



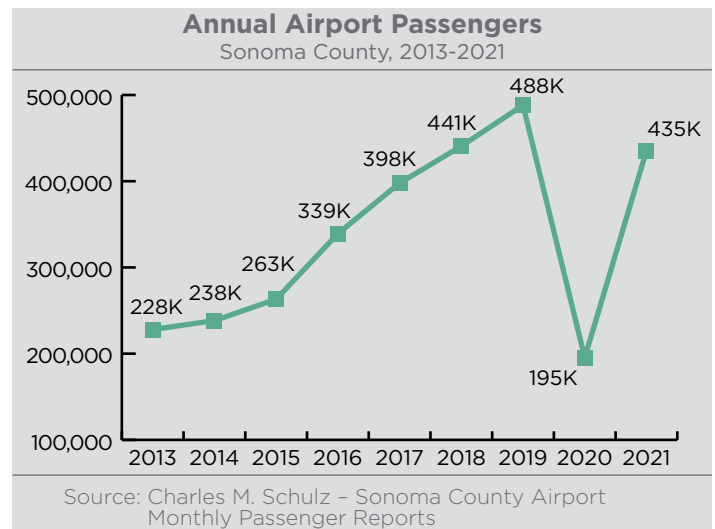
Annual Average Daily Rate (ADR)

Average daily rate (ADR) represents the average amount spent on accommodations by a visitor per room night in Sonoma County. 2020 was the first year that this number has decreased since 2010. It fell from \$181 to \$140 from 2019 to 2020. However, the ADR for 2021 exceeded pre pandemic levels, at \$200. The ADR increased 43% from 2020 to 2021.



SANTA ROSA AIRPORT

Passenger traffic at the Charles M. Schulz-Sonoma County Airport increased each year from 2013 through 2019. Due to the pandemic, there was a dramatic downturn in passenger travel in 2020. During this slower period, Charles M. Schulz-Sonoma County Airport initiated construction of its Terminal Improvement and Modernization Project. Passenger travel increased approximately 123% from 2020 to 2021, but there are still fewer people traveling through the Charles M. Schulz-Sonoma County Airport than there were pre-pandemic.



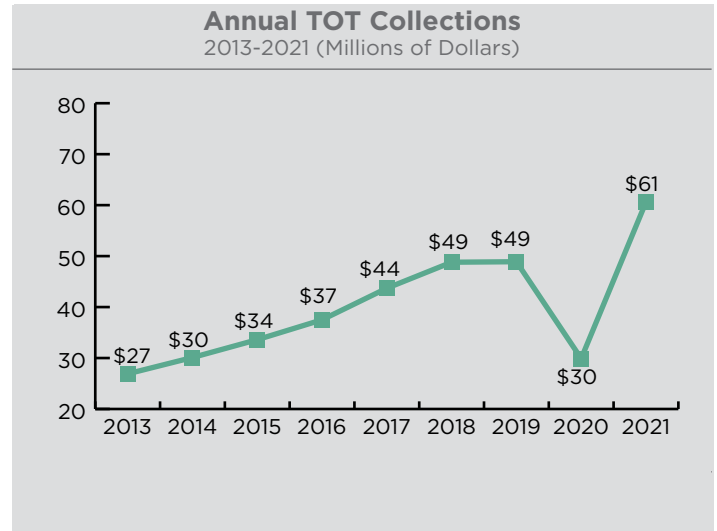
TOURISM INDUSTRY INDICATORS

TOURISM-GENERATED TAXES

Transient Occupancy Tax (TOT) is a local tax that generates revenue from room nights booked at lodging properties in Sonoma County. The TOT rate varies between 9% and 14% from city to city.

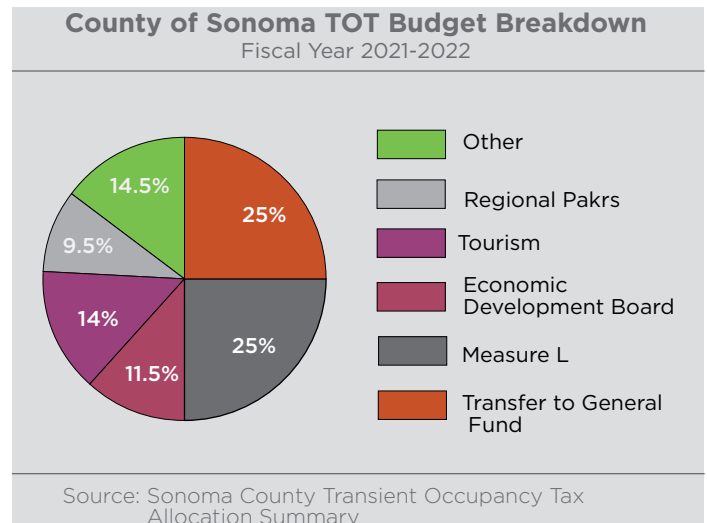
Annual TOT Collections

TOT revenues in Sonoma County increased 103% from \$29.9 million in 2020 to \$60.6 million in 2021. \$60.6 million is the greatest TOT revenue ever collected in Sonoma County.



County of Sonoma TOT Revenue Spending

County of Sonoma TOT tax revenues are derived from a 12% tax on the rental of hotel and motel rooms, inn beds, and campgrounds in the unincorporated areas. TOT funds are distributed to three spending areas: 3% to General Fund Contribution, 6% to Community Investment Fund, and 3% to Measure L. Within the Community Investment Fund, the majority of TOT funds go to Economic Development (23%), Sonoma County Tourism (28%), and regional parks (19%). Measure L includes road repairs; fire and emergency services; affordable housing; event facilities improvements; tourism impact fund; vets building, code enforcement and compliance.



TOURISM INDUSTRY INDICATORS

TOURISM-GENERATED TAXES

Transient Occupancy Tax (TOT) is a local tax on room rental revenue in lodging properties located in Sonoma County. The TOT rate varies between 9% and 14% from city to city.

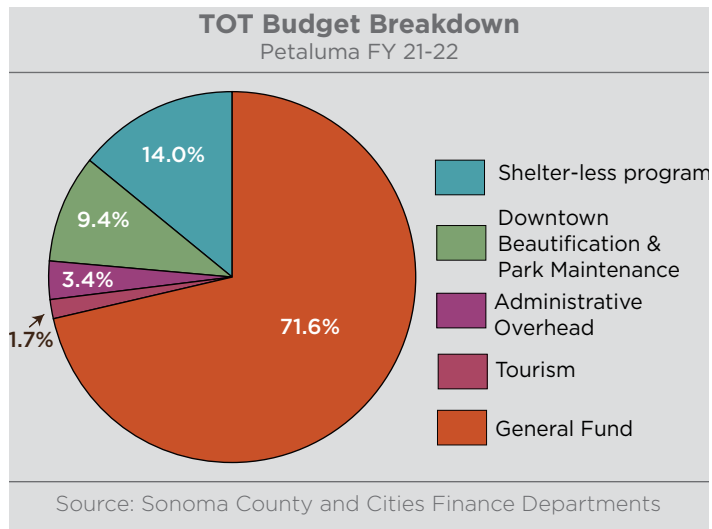
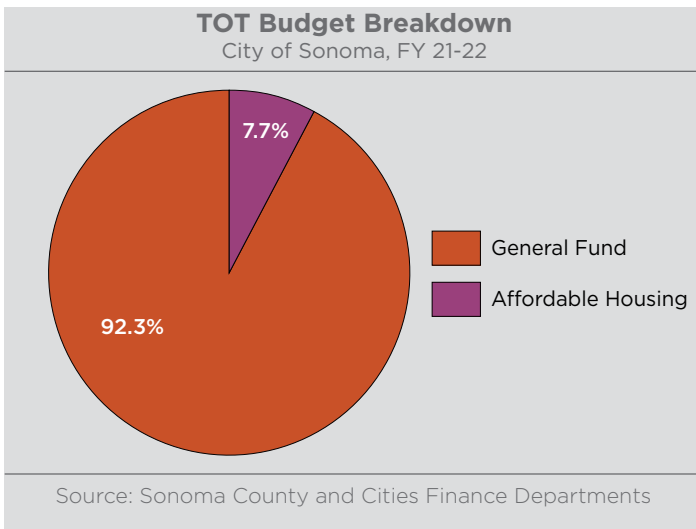
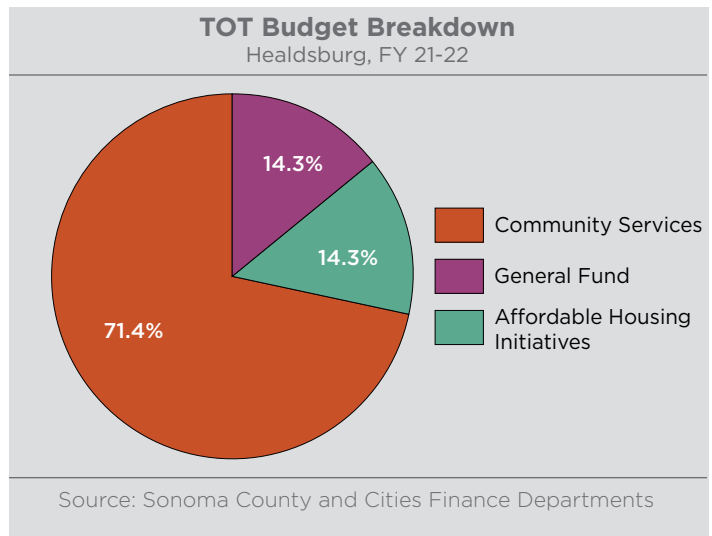
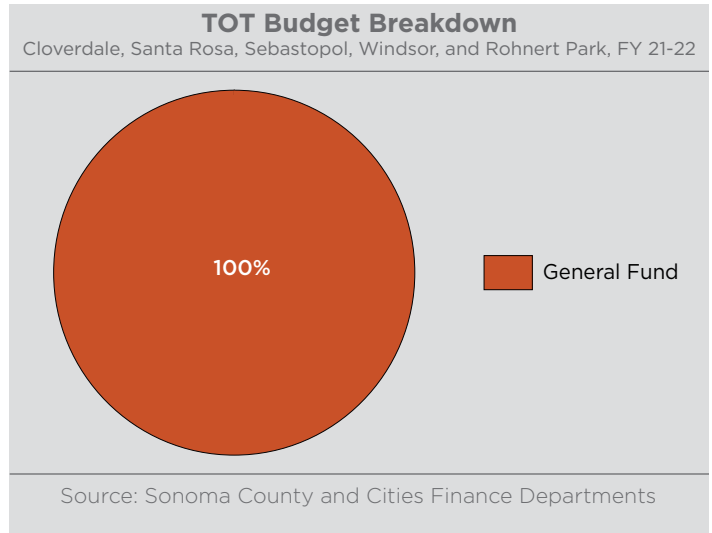
City TOT Revenue Spending

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, Petaluma, and Sonoma also allocated revenue to additional categories, including affordable housing, administrative overhead, community services, tourism, and park maintenance.



SONOMA COUNTY VISITOR PROFILE

Sonoma County Tourism, in partnership with Longwoods International, has developed a visitor profile of overnight visitors to Sonoma County in 2021. This profile was developed by surveying 805 travelers who had visited Sonoma County within the past 12 months.

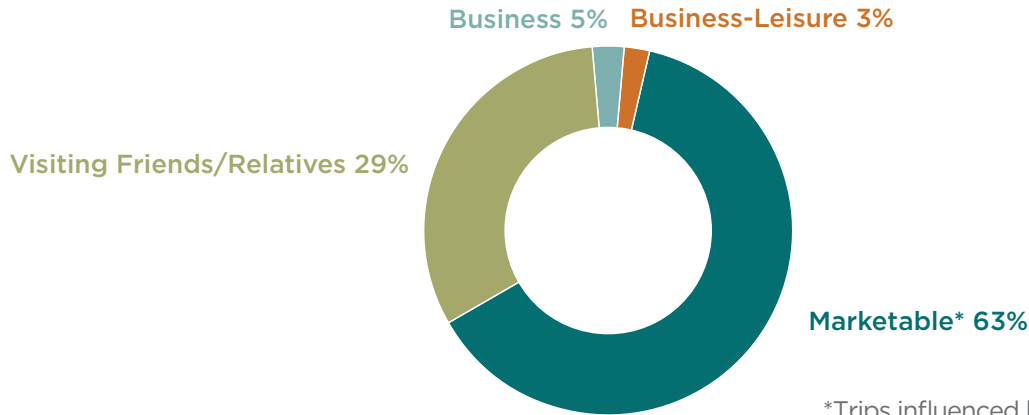
KEY FINDINGS

- In 2021, Sonoma County welcomed 4.6 million overnight visitors. 3.4 million (75%) of these visitors were adults and 1.1 million (25%) were children.
- Total overnight visitor spending in Sonoma County in 2021 totaled \$848 million. This is a 44% increase from 2020.
- Average per-person expenditures on domestic overnight trips was \$185, with lodging making up the largest percentage at \$75.
- The main purpose for visiting Sonoma County is visiting friends and relatives. The top activities and experiences enjoyed by guests are shopping, visiting wineries/breweries/distilleries, attending celebrations, sightseeing and attending business conventions/confederances.
- The average overnight visitor stays in Sonoma County for 1.9 nights and the average party size was 3.1 people.



SONOMA COUNTY VISITOR PROFILE

Reason for Travel



3.1 People

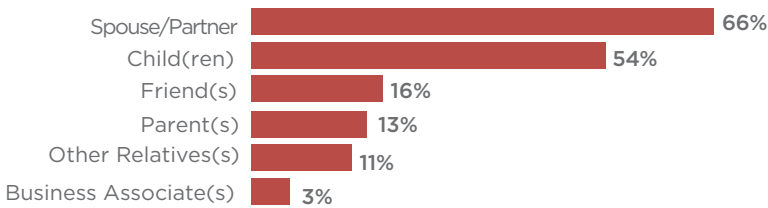
Size of the average travel party visiting Sonoma County



1.9 Nights

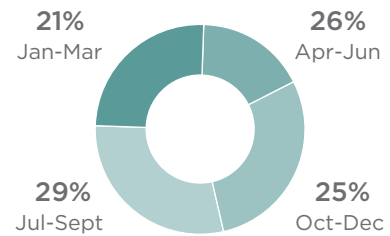
Average length of time spent in Sonoma County

Composition of Immediate Travel Party

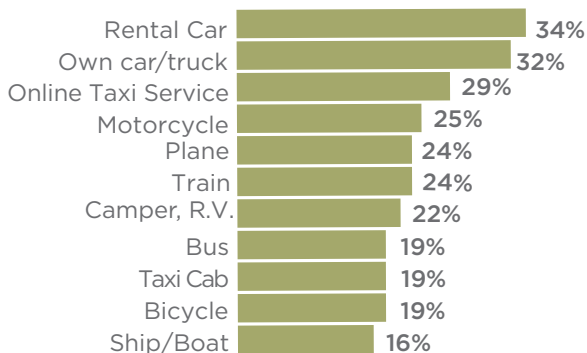


Base: Everyone who did not travel alone
Note: Children can be minors or adults

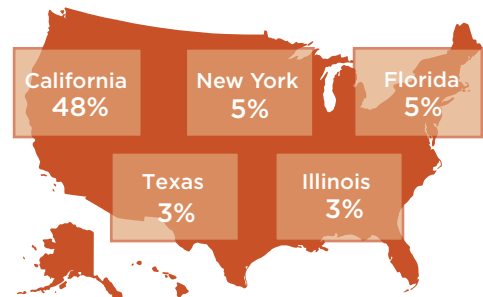
Season of Trip



Top Methods of Transportation Used to get to Destination



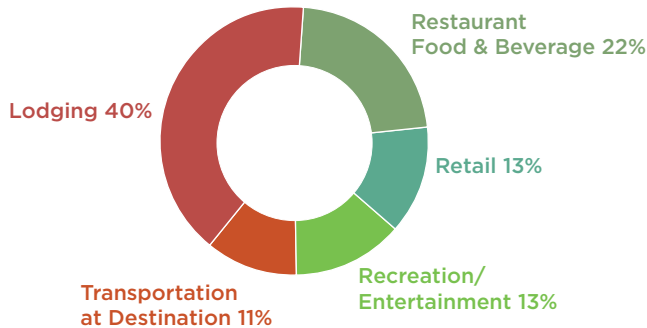
Top Feeder States For overnight trips



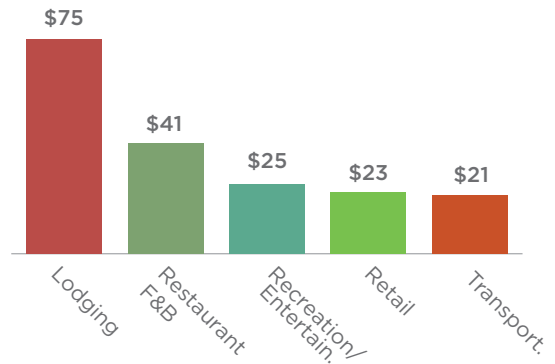
Source: Longwoods International

SONOMA COUNTY VISITOR PROFILE

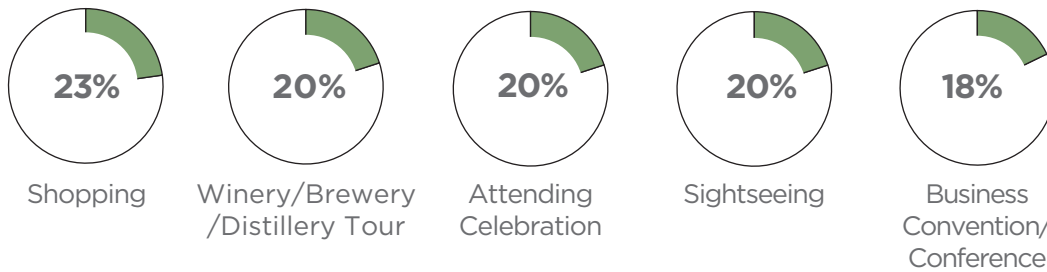
Domestic Overnight Expenditures by Sector



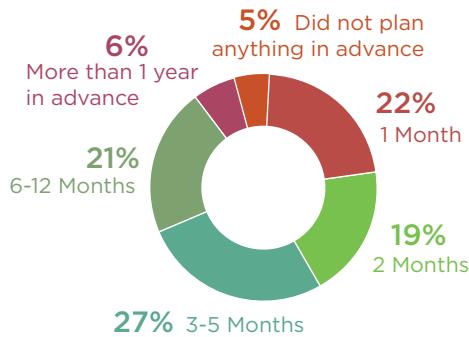
Average Per Person Expenditures on Domestic Overnight Trips



Top Activities

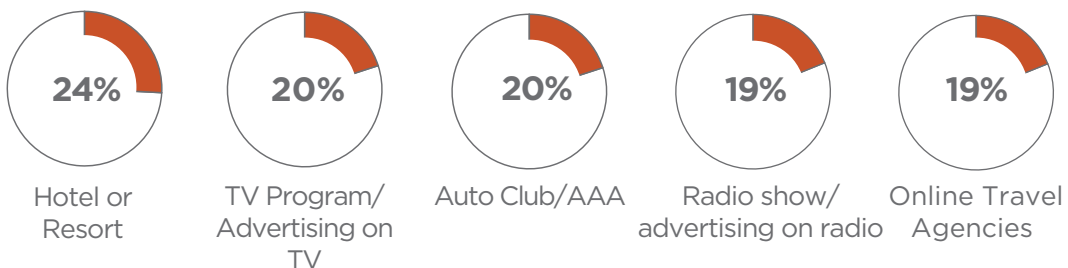


Length of Trip Planning



NOTE:
73% of overnight travelers planned their trips **2 Months** or more in advance

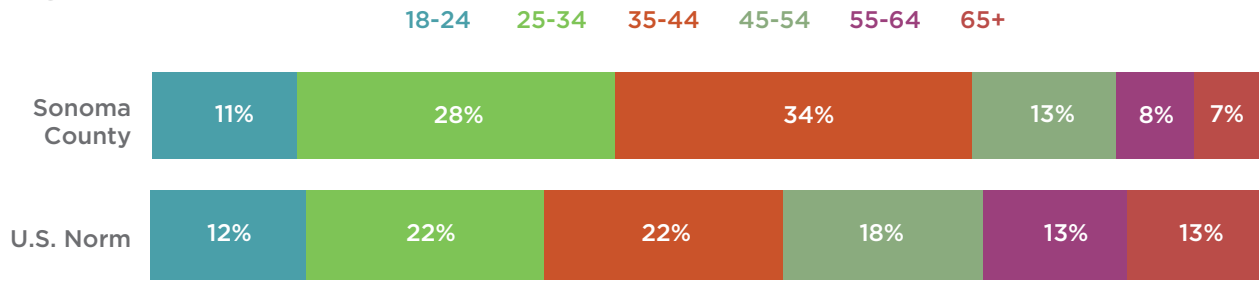
Top Sources for Trip Planning Information



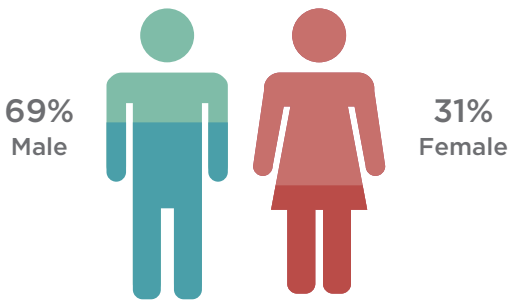
Source: Longwoods International

SONOMA COUNTY VISITOR PROFILE

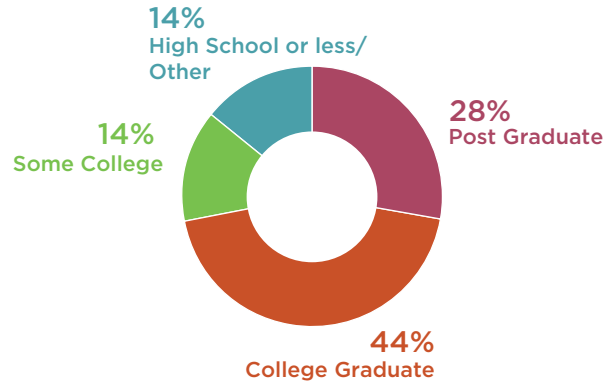
Age



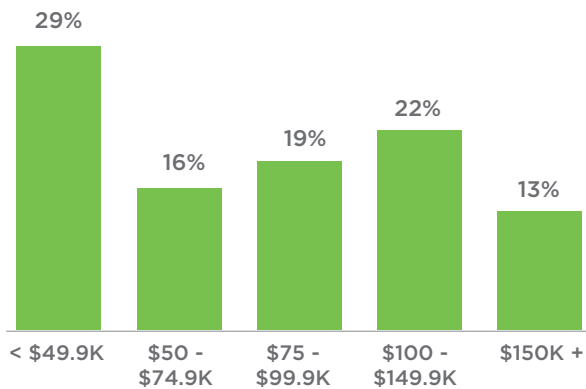
Gender



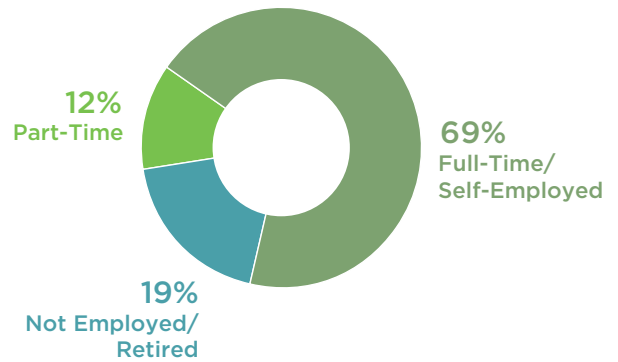
Education



Household Income for Overnight Trips



Employment for Overnight Trips



Source: Longwoods International

GLOSSARY

Average Daily Rate (ADR): Total revenue brought in by hotel room rates (excludes taxes, resort fees, parking, etc.) divided by the total room nights sold.

Occupancy Rate: Total room nights sold divided by the total room nights available in Sonoma County (excludes vacation rentals, campgrounds, etc.) multiplied by 100.

Revenue per Available Room (RevPAR): Total revenue brought in by hotel room rates (excludes taxes, resort fees, parking, etc.) divided by the total room nights available in Sonoma County (excludes vacation rentals, campgrounds, etc.).

Transient Occupancy Tax (TOT): A tax of 9-14% of the rent charged to travelers when they rent accommodations in hotels/motels or through home sharing services like Airbnb unless the stay is for a period of 30 days or more. The TOT is commonly known as a “bed tax”.



ACKNOWLEDGMENTS

The 2022 Annual Tourism Report would not have been possible without the contributions of many individuals.

Special acknowledgment is due to Sonoma County Tourism for their invaluable suggestions and generous provision of statistical data on the tourism sector in Sonoma County.

Katherine Fosburgh, the EDB's Economic Research Fellow was responsible for compilation and organization of the report and data. She updated and consolidated the data sources and statistics from previous years to create this comprehensive analysis, and deserves special thanks.

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