



SECOND QUARTER TRANSIENT OCCUPANCY TAX REPORT

INDUSTRY REPORT

2023



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EXECUTIVE SUMMARY

October 2023

SECOND QUARTER 2023

The Sonoma County Economic Development Board (EDB), in partnership with Sonoma County Tourism (SCT), is pleased to bring you the 2023 Second 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 Q2 TOT revenue numbers and contains the accommodation development report for April, May, and June of 2023.

TOT ASSESSMENT BY CITY

	Tax Rate (%)	TOT Revenue
Cloverdale	10%	\$73,381.13
Healdsburg	14%	\$2,944,371.00
Petaluma	10%	\$1,021,875.00
Rohnert Park	12%	\$1,067,154.83
Santa Rosa	9%	\$1,229,630.00
Sebastopol	12%	\$151,939.03
Sonoma	10%	\$1,715,153.00
Windsor	12%	\$845,292.08
Unincorporated County	12%	\$8,273,764.00
TOTAL	-	\$17,322,560.07

Source: Sonoma County and Cities Finance Departments

HIGHLIGHTS

- Sonoma County's revenues for Second Quarter 2023 decreased 11.9% over Second Quarter 2022. Total county revenues for Q2 2023 equaled \$17.3 million.
- Petaluma, Sebastopol, and Windsor all saw year-over-year increases in TOT revenue from Q2 2022 to Q2 2023 between 0.1% to 25.0%.
- Healdsburg recorded the highest TOT revenues amongst the cities with \$2.9 million. Unincorporated county's TOT revenue was \$8.2 million, making up 47.8% of Sonoma County's total TOT revenue from Q2 2023.

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

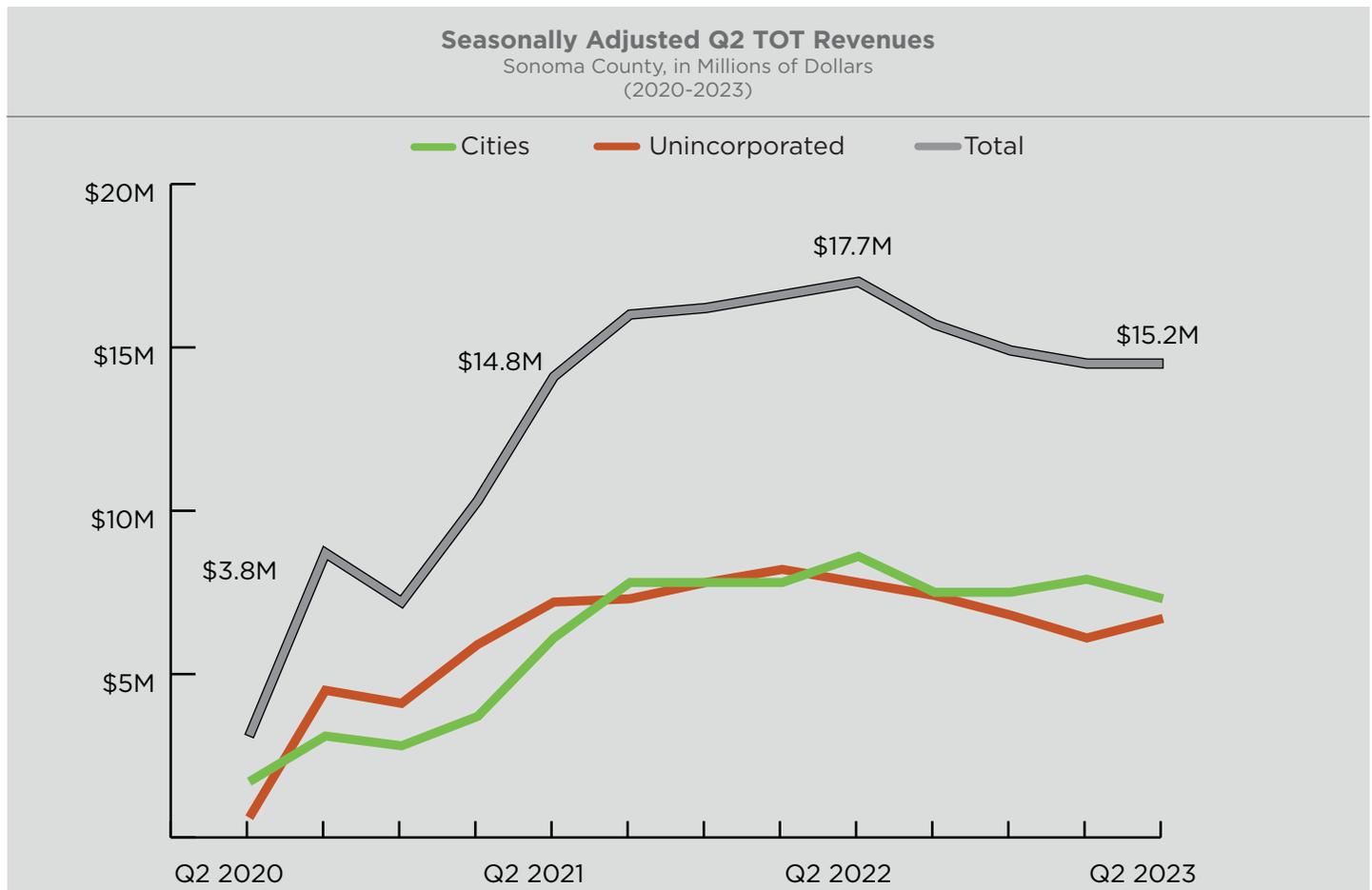
SEASONALLY ADJUSTED TOT REVENUES

SECOND QUARTER (CY)

This section analyzes the quarterly TOT trends for the aggregated city and unincorporated areas of Sonoma County from each Second Quarter from 2020 to 2023.

Summary of Findings

- Sonoma County TOT revenues appear to have recovered from the lows of the pandemic in 2020 and seem to be stabilizing, as seen with the Q2 2022 and Q2 2023 TOT revenue totals. Total seasonally adjusted revenues were recorded at \$15.2M for Q2 2023.
- TOT revenues from the end of 2022 and beginning of 2023 have exceeded pre-pandemic levels. Total seasonally adjusted TOT revenue for Q2 2019 was \$13.1M versus \$15.2M in 2023.
- The incorporated cities' revenues represented 52.2%, while Unincorporated County brought in 47.8% of the Q2 2023 total revenues.



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

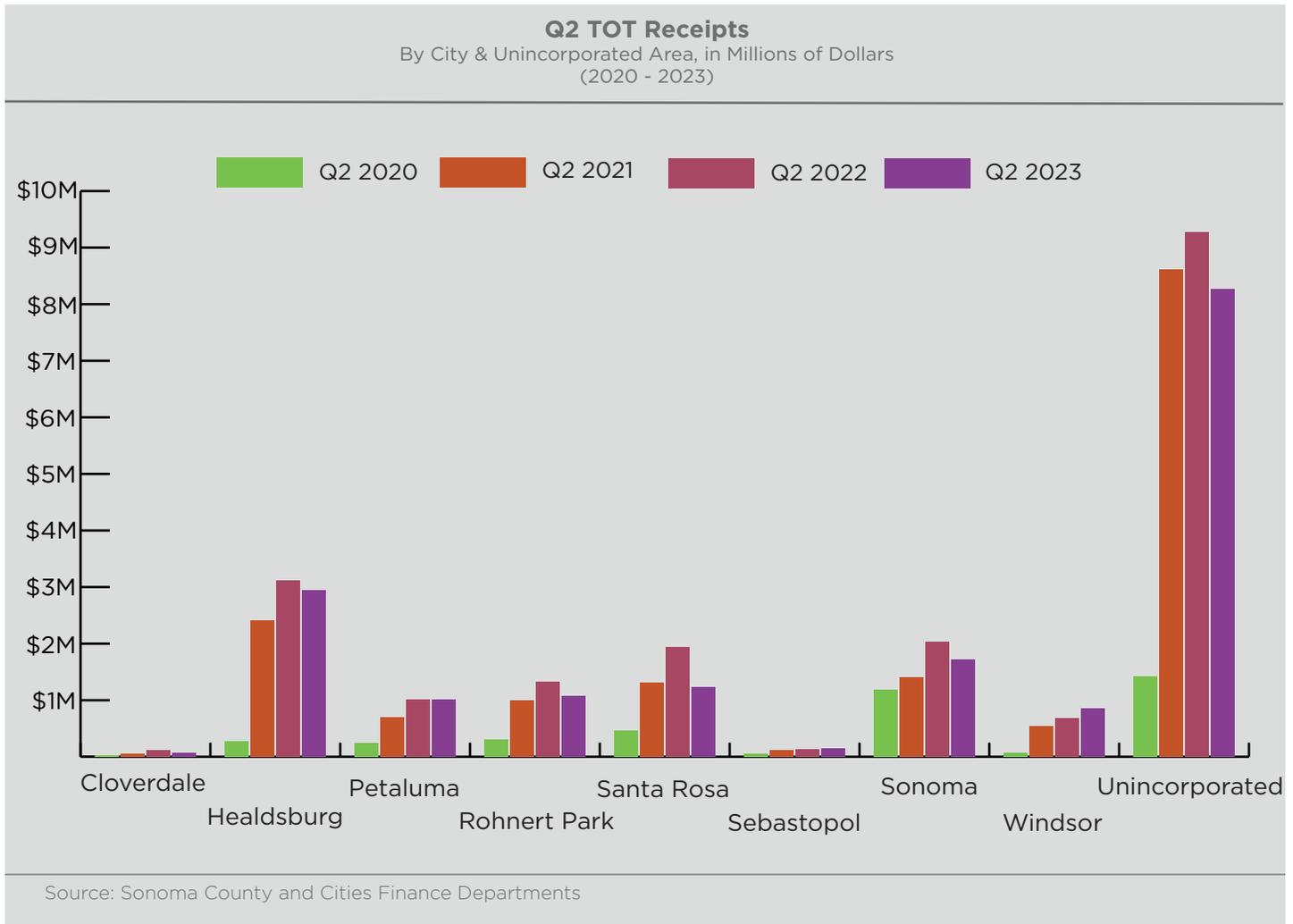
TOT RECEIPTS

Q2 2020 - Q2 2023

This section analyzes the quarter-over-quarter TOT revenue trends for each city and the unincorporated areas from Q2 2020 - Q2 2023.

Summary of Findings:

- The county’s TOT revenues overall decreased 11.9% year-over-year from \$19.7 million in Q2 2022 to \$17.3 million in Q2 2023.
- For the ninth consecutive quarter, Healdsburg recorded the highest TOT revenues of the incorporated cities, with \$2.9 million.
- Petaluma, Sebastopol, and Windsor all saw year-over-year increases in TOT revenues, collecting \$1,021,875, \$151,939, and \$845,292 respectively.



TOT QUARTERLY TRENDS

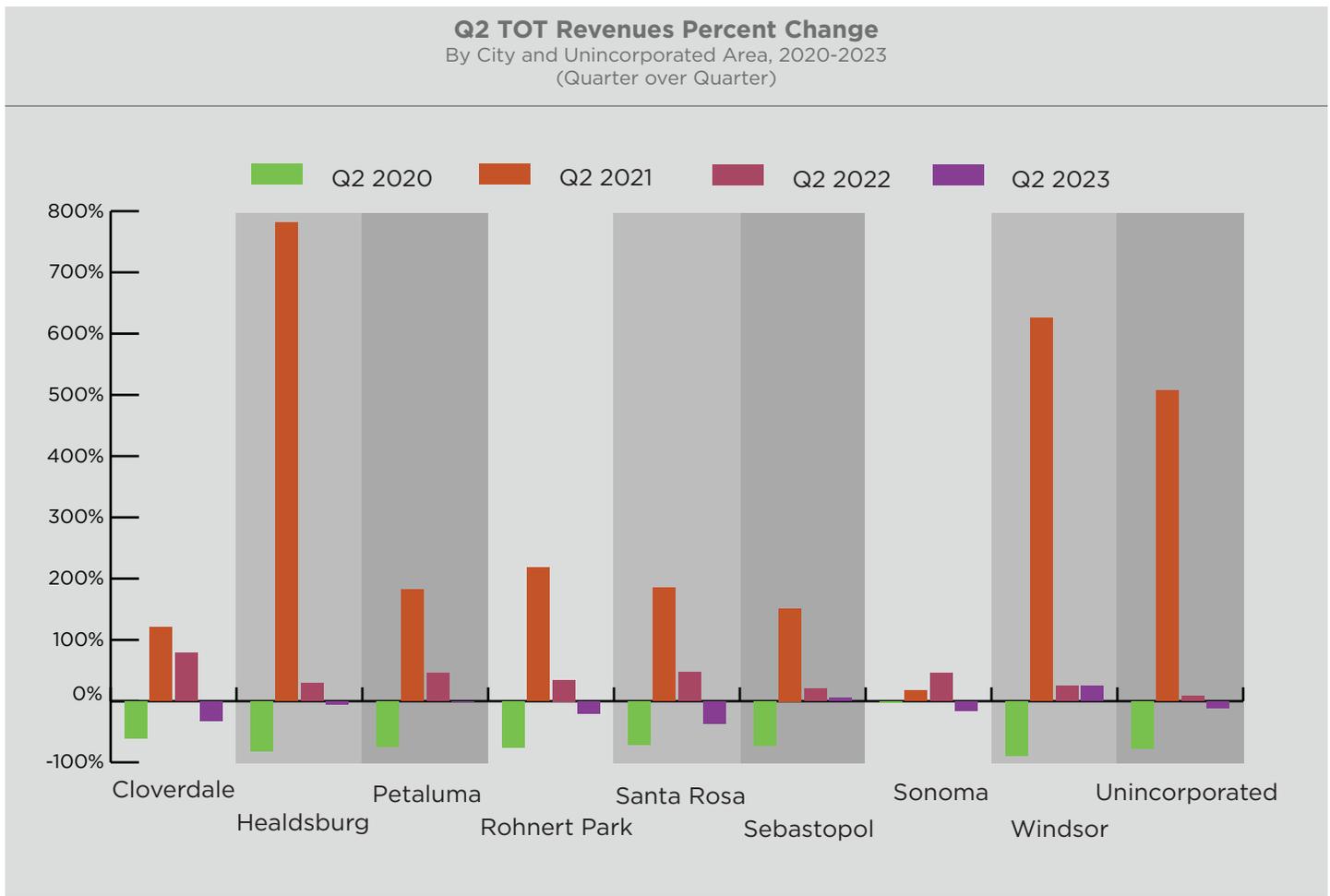
TOT REVENUE PERCENT CHANGE

Q2 2020 - Q2 2023

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

- Windsor saw the largest increase in year-over-year TOT revenues with an increase of 25.0% from Q2 2022 to Q2 2023.
- Petaluma and Sebastopol also saw increases in year-over-year TOT revenue with increases of 0.1% and 5.1% respectively.
- Santa Rosa saw the largest year-over-year change between Q2 2022 and Q2 2023, with TOT revenues decreasing by 36.7%.
- TOT revenue growth is stabilizing in the aftermath of the COVID-19 pandemic, with significantly smaller year-over-year changes in Q2 TOT revenues from 2022 to 2023 than from 2021 to 2022 in unincorporated areas and incorporated cities.



Source: Sonoma County and Cities Finance Departments

HISTORICAL TOT FIGURES

SECOND QUARTER 2020 TO SECOND QUARTER 2023

	UNINCORP.	CLOVERDALE	HEALDSBURG	PETALUMA	ROHNERT PARK	SANTA ROSA	SEBASTOPOL	SONOMA	WINDSOR
Q2 2020	\$1,418,557	\$27,052	\$273,198	\$249,034	\$312,476	\$461,257	\$47,830	\$1,194,258	\$74,782
Q2 2021	\$8,608,991	\$59,804	\$2,407,106	\$703,192	\$992,149	\$1,312,255	\$120,278	\$1,403,199	\$542,541
Q2 2022	\$9,280,797	\$107,265	\$3,106,583	\$1,021,123	\$1,334,543	\$1,940,945	\$144,614	\$2,039,522	\$676,297
Q2 2023	\$8,273,764	\$73,381	\$2,944,371	\$1,021,875	\$1,067,155	\$1,229,630	\$151,939	\$1,715,153	\$845,292

INDUSTRY DEVELOPMENT

SONOMA COUNTY LODGING & INDUSTRY PROJECT DEVELOPMENTS

Q2 2023 Updates

Sonoma County currently has 25 lodging industry development projects in the works. When completed, 1,627 rooms will be added to Sonoma County.

Project Name	City	Development Type	Lodging Type	Address/ Location	Rooms Proposed	Opening (Est.)	Phase	Comments
Volpi Inn	Cloverdale	New	Hotel	240 N. Cloverdale Blvd	5	2023	Planning	Planning entitlement approved, Building Permit not final yet.
Cotati Hotel	Cotati	New	Boutique	147 Joseph Way	153	January 2024	In construction	-
Appellation Healdsburg	Healdsburg	New	-	16977 Healdsburg Ave	108	2023	Final Planning	-
The Lodge at Healdsburg Tapestry Collection by Hilton	Healdsburg	New	Upscale Chain	1261 Grove St	60	2023	In construction	-
EKN Appellation Hotel (Hotel Weaver)	Petaluma	New	Boutique	2 Petaluma Blvd S	93	-	Planning	-
Silk Mill Rear Addition at Hampton Inn	Petaluma	Expansion	-	450 Jefferson St and 490 Wilson St	18	-	All Planning Approvals	New 2-story building to expand the hotel services of the existing Hampton Inn Hotel

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	5354 Dowdell Avenue	93	August 2024	Final Planning	Received planning approval in Aug. 2021; Building permits plan in check; Waiting for environmental clearance from wildlife agencies prior to issuance of permits.
Home2 Suites by Hilton Rohnert Park Sonoma County	Rohnert Park	New	Limited Service	6490 Redwood Dr	96	-	Final Planning	Permits issued for foundation and underslab; full set of building plans still in plan check.
Economy Inn	Santa Rosa	-	Economy	502 Santa Rosa Ave	42	2023	Plans under review	Planning
Hotel E	Santa Rosa	Expansion	Limited Service	19 Old Courthouse Square	30	-	Plans approved, permit not issued	Delayed due to COVID. Construction anticipated soon.
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
Stonehouse Lodging	Santa Rosa	Existing	-	3555 Sonoma Highway	-	-	Design Review Process	-
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	-	Building permit pulled	Building permit issued. Construction to begin Spring 2024.
The McClelland	Windsor	New	Limited Service	McClelland Dr. / Market St.	160	Fall 2024	In construction	
Freestone Hotel	Unincorp. Area	Existing	Bed & Breakfast	306 Bohemian Hwy, Sebastopol	5	-	Planning	Project Scoped. Revised 11/2022 under review.
Glen Ellen Inn (Secret Cottages)	Unincorp. Area	Expansion	Hotel	13670 Arnold Dr., Glen Ellen	3	-	In construction	Approved Condition Compliance.
Hyatt Place by Landmark Hotels	Unincorp. Area	New	Limited Service	3750 N. Laughlin Road	165	-	Condition compliance	Approved Condition Compliance.

INDUSTRY DEVELOPMENT

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.
Optimal Hospitality	Unincorp. Area	New	Hotel	251 Aviation	101	-	Final Planning	Use Permit approved. Grading permit issued; Building permit under review.
River's Edge Lodge	Unincorp. Area	Conversion of existing cottages into lodging	-	15999 River Road, Guerneville	6	-	Planning	Requires Use Permit approval.
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 Lodge on Russian River	Unincorp. Area	New	Full Service	17155 Highway 116, Guerneville	108	-	Planning	Revised IS/ MND out for recirculation. Tentative date March 2023.
Verano Hotel and Housing	Unicorp. Area	New	Hotel	175 East Verano Avenue, 155 West Verano Avenue, 135 West Verano Avenue	120	-	In Construction	Grading and Sewer Permits in plan check, not issued.

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 Second Quarter (April, May, and June) of calendar year 2023, 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, [Lindsey Collins](#).

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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