

DRAFT Feasibility Study

Sonoma County Convention Center

Table of Contents

Phase 1

1. Market Assessment
2. Survey Results
3. Building Program Recommendations
4. Comparable and Competitive Venues
5. Site Analysis
6. Hotel Supply and Demand
7. Convention Center Demand Projections

Phase 2

1. Convention Center Financial Projections
2. Hotel Operating and Financial Projections
3. Economic and Fiscal Impacts
4. Financing Case Studies
5. Cost Estimates
6. Financing Strategies

Market Assessment



Introduction to Market Area Analysis



This market area analysis assesses the economic and demographic data that provides an overview of the local economy in Sonoma County. These economic trends serve as indicators of the potential viability of the proposed convention center. HVS conducted an analysis of the following key economic indicators: population, income levels, major businesses, and the existing supply of competitive venues.

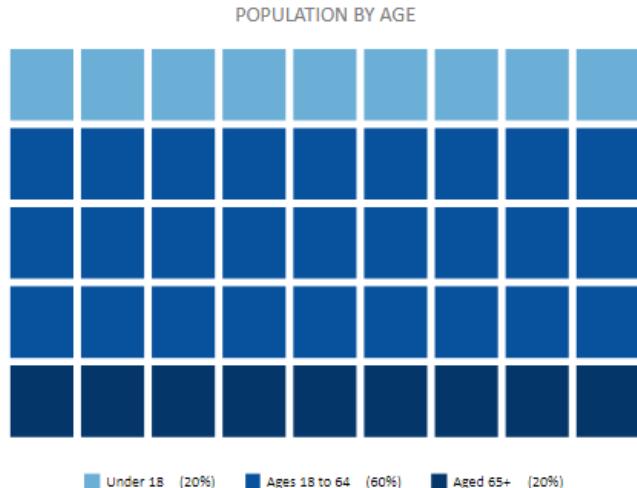
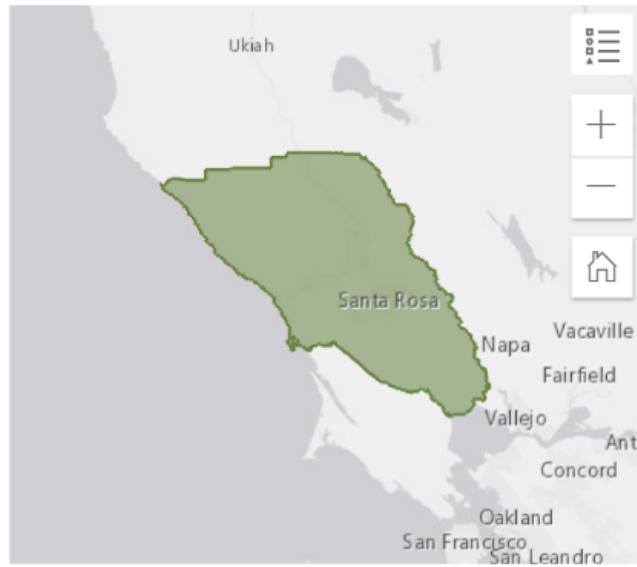
The subsequent slide contains an infographic snapshot of the county, offering a concise overview of the economic and demographic landscape.

Sonoma County Population Trends

HVS

Sonoma County contains nearly 500,000 people, with a median value of over \$780,000 per home.

The median household income is more than \$100,000 and the wealth index is 147 (national average of 100).



THE
SCIENCE
OF
WHERE

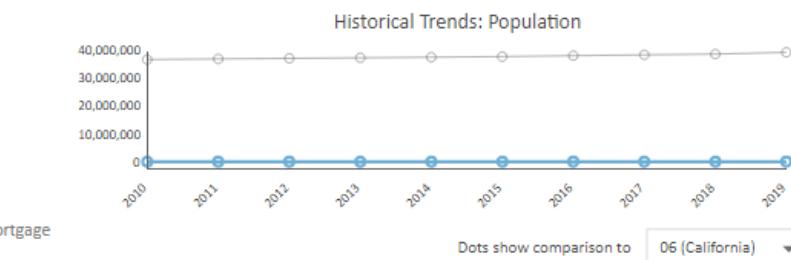
U.S. Census Bureau, Esri forecasts for 2019 and 2024, Esri Vintage 2019 Time Series

POPULATION TRENDS AND KEY INDICATORS

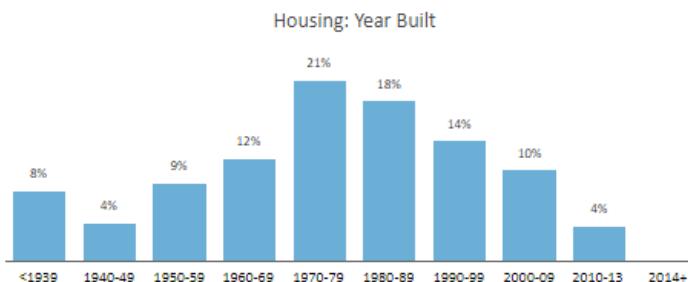
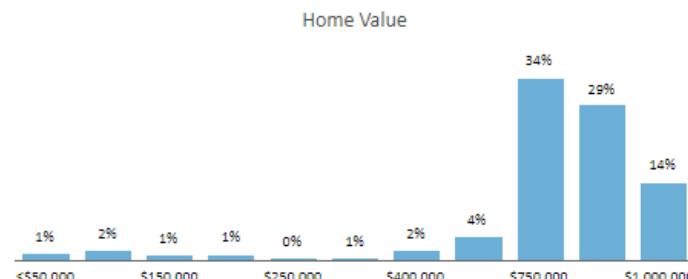
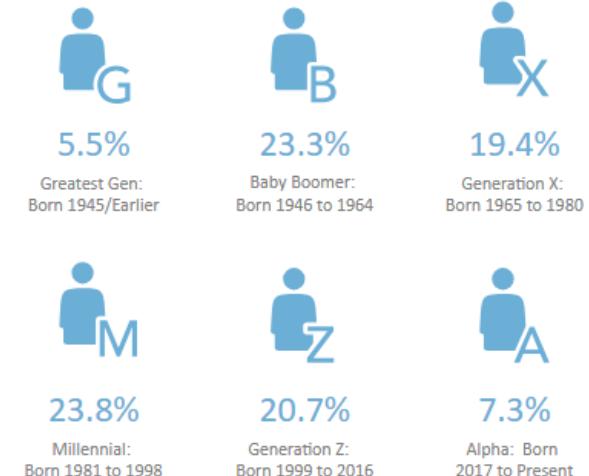
Sonoma County, CA

486,760	187,557	2.55	41.6	\$101,120	\$783,220	147	54	76
Population	Households	Avg Size Household	Median Age	Median Household Income	Median Home Value	Wealth Index	Housing Affordability	Diversity Index

MORTGAGE INDICATORS



POPULATION BY GENERATION

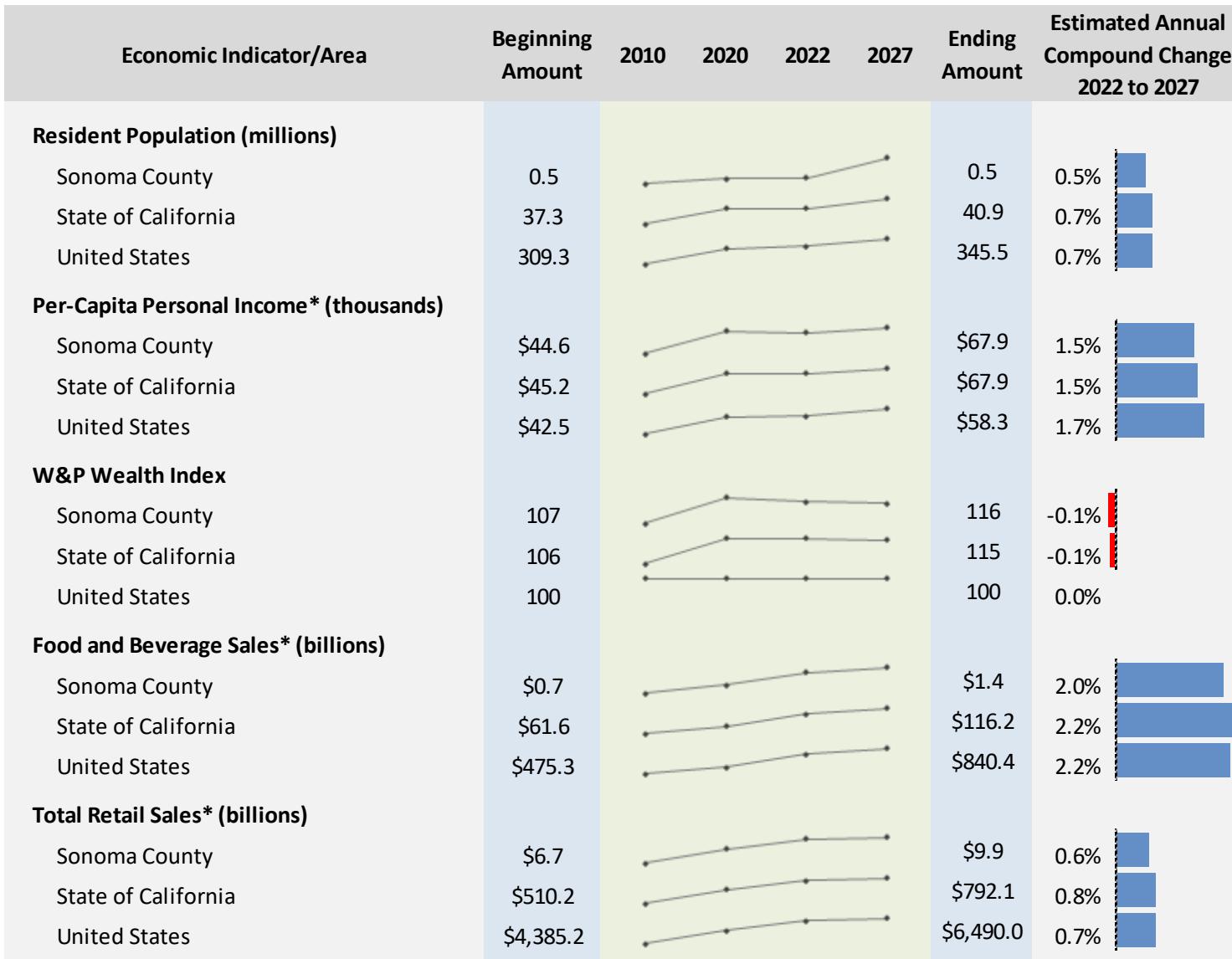


Economic Indicators

HVS

In all of these indicators, Sonoma County's growth rates fall slightly short of the national averages, but the disparity is minimal, with a marginal difference of only 0.1 to 0.2 percentage points.

Growth rates in per capita income in Sonoma County are in line with the averages for the state of California. The wealth index shrinks marginally, also in line with the state.



* Inflation Adjusted

DRAFT REPORT : For Internal Discussion Only

Source: Woods & Poole Economics, Inc.

Projected Employment by Industry (000's)

HVS

Sonoma County's strong sectors are Health Care and Social Assistance, Retail Trade, State and Local Government, and Professional and Technical Services.

The Health Care and Social Assistance sector expects to increase job opportunities by 64% by 2027, setting itself apart as the dominant sector in Sonoma County. The Accommodation and Food Services sector is projected to grow by 42%.

Sector/Geographic Area	Beginning Amount (thousands)	2010	2020	2022	2027	Ending Amount (thousands)
Sonoma County						
Health Care And Social Assistance	28					46
Retail Trade	27					30
State And Local Government	25					28
Accommodation And Food Services	19					27
Manufacturing	22					26
Professional And Technical Services	25					26
Construction	16					24
Other Services, Except Public Administration	15					20
Administrative And Waste Services	14					20
Real Estate And Rental And Lease	14					18
Other	55					68
Total Sonoma County	260					332
U.S.	172,902					223,733

Source: Woods & Poole Economics, Inc.

Largest Employers in Sonoma County

HVS

The ten largest employers in Sonoma County include the County itself, medical/health companies, schools and educational institutions, and a wine company.

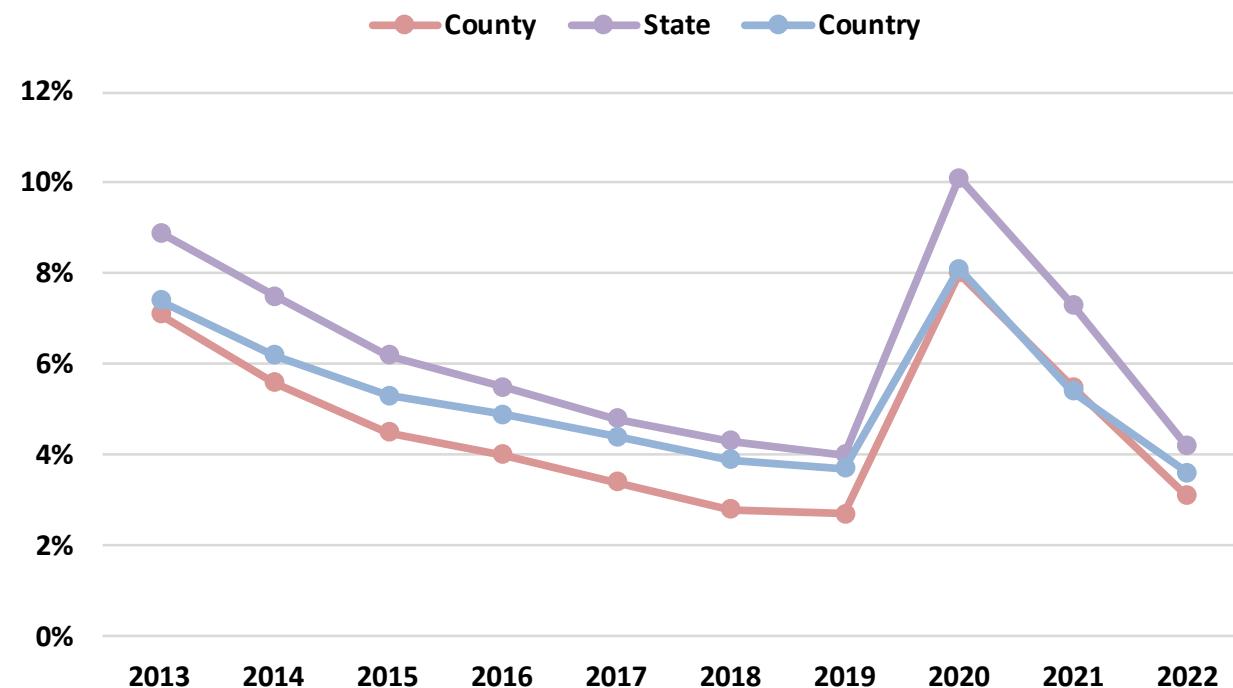
Firm	Number of Employees
County of Sonoma	3,827
Kaiser Permanente	3,130
Santa Rosa City Schools	1,607
Santa Rosa Junior College	1,528
Providence (St. Joseph Health)	1,476
City of Santa Rosa	1,247
Sonoma State University	1,210
Sutter Santa Rosa Regional Hospital	1,200
Jackson Family Wines	1,082
Oliver's Market	976

Source: Sonoma County, CAFR 2022

Unemployment Statistics

HVS

Unemployment spiked in 2020 in Sonoma County due to the effects of the COVID-19 pandemic. The recovery in employment since the pandemic spike has been consistent, and employment levels remain above the national average.



Source: Bureau of Labor Statistics

Hotel Availability in Sonoma County

HVS

Sonoma County has 128 hotel properties with 7,956 rooms.

Among these properties, 35 fall under the economy scale and are relatively small, offering an average of 41 rooms per property.

Four hotels in Sonoma County provide 200 rooms or more:

- Fairmont Sonoma Mission Inn & Spa
- DoubleTree by Hilton Hotel Sonoma Wine Country
- Hyatt Regency Sonoma Wine Country
- Graton Resort & Casino

Chain Scale	Number of Properties	Number of Guest Rooms
Luxury	21	1,038
Upper Upscale	14	1,189
Upscale	27	1,735
Upper Midscale	19	1,605
Midscale	13	953
Economy	34	1,436
Total	128	7,956

Size (Number of Guest Rooms)	Number of Properties	Number of Guest Rooms
Less than 50	72	1,613
50 to 99	22	1,660
100 to 199	30	3,759
200 to 299	4	924
Total	128	7,956

Source: STR

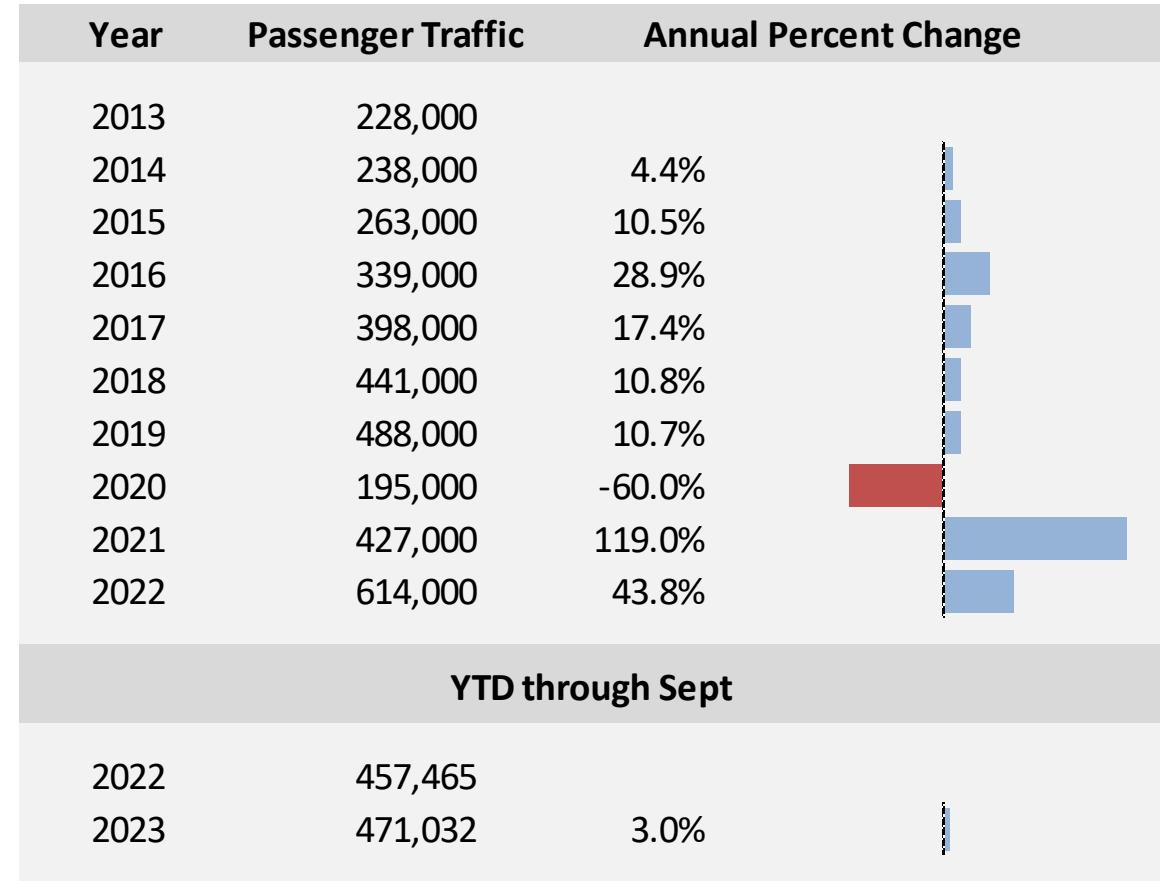
Air Access: Charles M. Schulz

HVS

The Charles M. Schulz-Sonoma Airport plays a growing role in serving the Sonoma County area, with many destinations in the western area of the United States. Three airlines use the airport, flying to 16 different destinations.

Enplanements at the airport have exhibited a consistent upward trend from 2013 onwards. However, the COVID-19 pandemic in 2020 severely impacted the aviation industry, resulting in a significant decline in air travel.

The airport experienced a notable rebound in 2021, with demand levels approaching pre-pandemic figures. In 2022, passenger enplanements significantly surpassed the levels recorded in 2019, signaling a robust recovery for the airport and a positive trajectory for future air travel in the region.



Source: Charles M. Schulz Sonoma County Airport

Total TOT Tax Collections (2020-2023)

HVS

To measure the level of visitation to Sonoma County, HVS used historic transient occupancy tax collections published by the Sonoma Economic Development Board (“EDB”).

Total collections over the period studied peaked in 2022, nearly doubling from 2020 during the COVID-19 pandemic. 2022 was a peak year due to the lack of international travel and increased demand for driving destinations as COVID fears and limitations persisted

Data on Q4 2023 collections was unavailable at the time of this report, but projections based on historic Q4 performance indicate that collections will total approximately \$60 million, reflecting a decline from 2022. This decline is likely due to the increase in international travel as COVID restrictions are lifted globally.

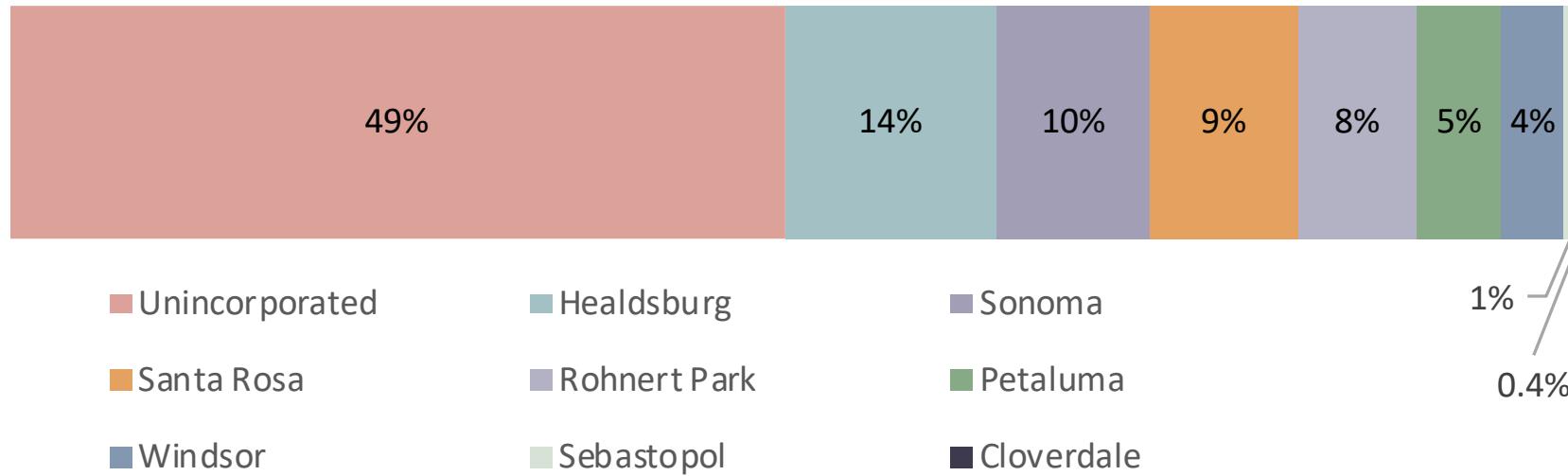


Source: Sonoma EDB

Distribution of TOT Collections by Source (Q4 2019-Q3 2023)

HVS

Sonoma EDB data also breaks collections out by city over the same period. Unincorporated Sonoma County generates nearly 50% of total TOT collections. Healdsburg generates the most TOT of any city, with 14%, followed by Sonoma and Santa Rosa with 10% and 9% respectively.



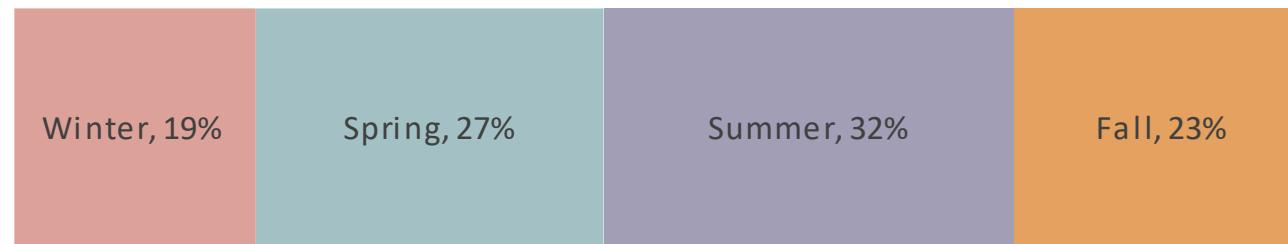
Source: Sonoma EDB

DRAFT REPORT : For Internal Discussion Only

Seasonality of Collections (Q4 2019 – Q3 2023)

HVS

Summer (Q3) is the strongest period for TOT collections in Sonoma County, amounting to nearly a third of total collections. Spring is the next most popular period of visitation, followed by fall. Even in winter, Sonoma County generates nearly 20% of TOT collections, which indicates a market with year-round appeal.



Source: Sonoma EDB

Survey Results



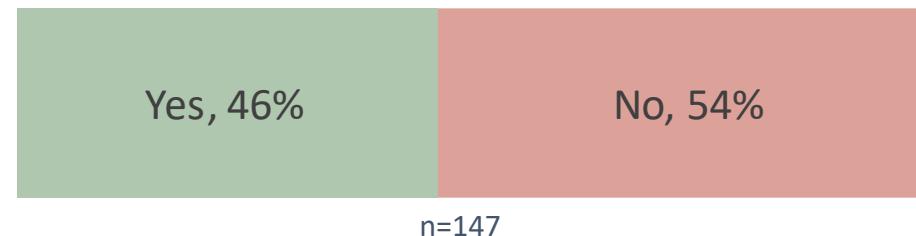
HVS designed and conducted a survey of event planners to provide a basis for assessing the potential demand at the Sonoma County Convention Center, and adjacent hotel development. This survey gathered information from professional event planners about their event needs and event destination preferences.

Sonoma County Tourism used their database of contact information for 8,007 event planners who had previously contacted SCT about hosting an event in Sonoma. Via email, HVS introduced the purpose of the survey and provided a link to the web-based survey. Survey responses were aggregated to provide anonymity to respondents.

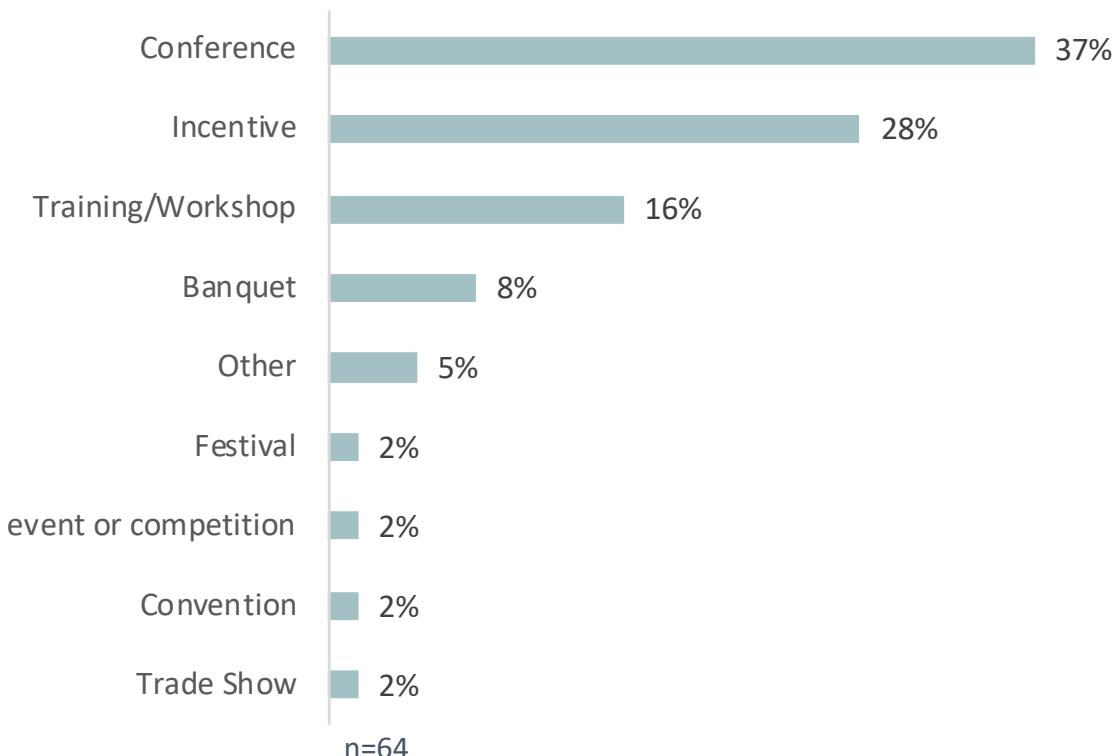
Previous Use of Sonoma County as Event Destination

HVS

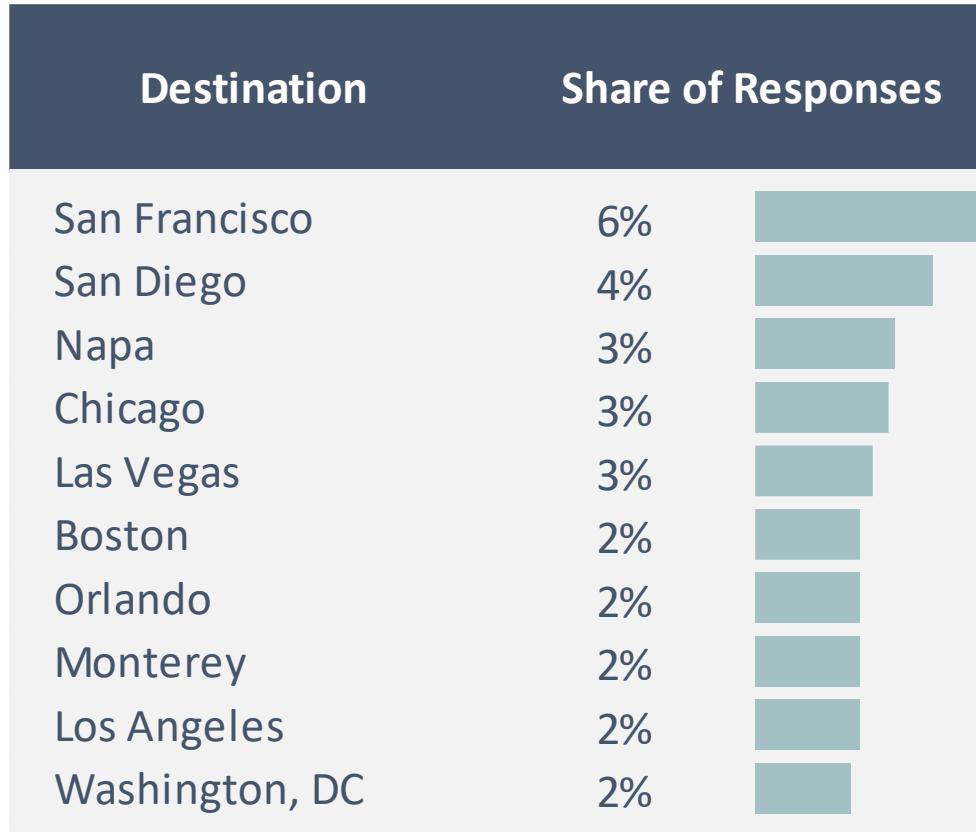
Have you held a meeting, convention, trade show, or other type of event in Sonoma County during the past five years?



If yes, what best describes the event you held in Sonoma County?



Please indicate up to five other cities where you have held an event in the past. If you have less than five to list, please respond N/A where appropriate.

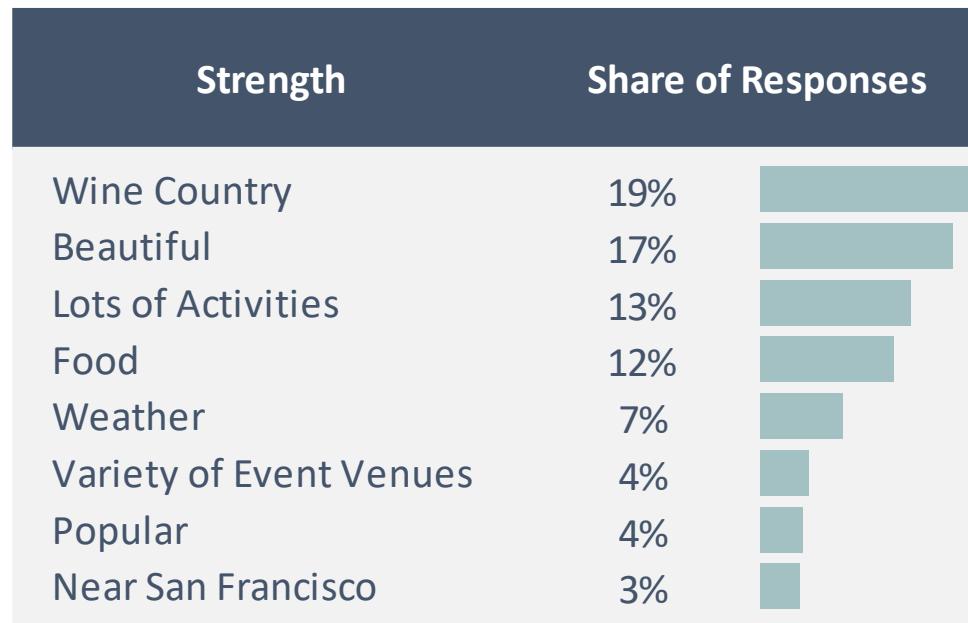


n=576

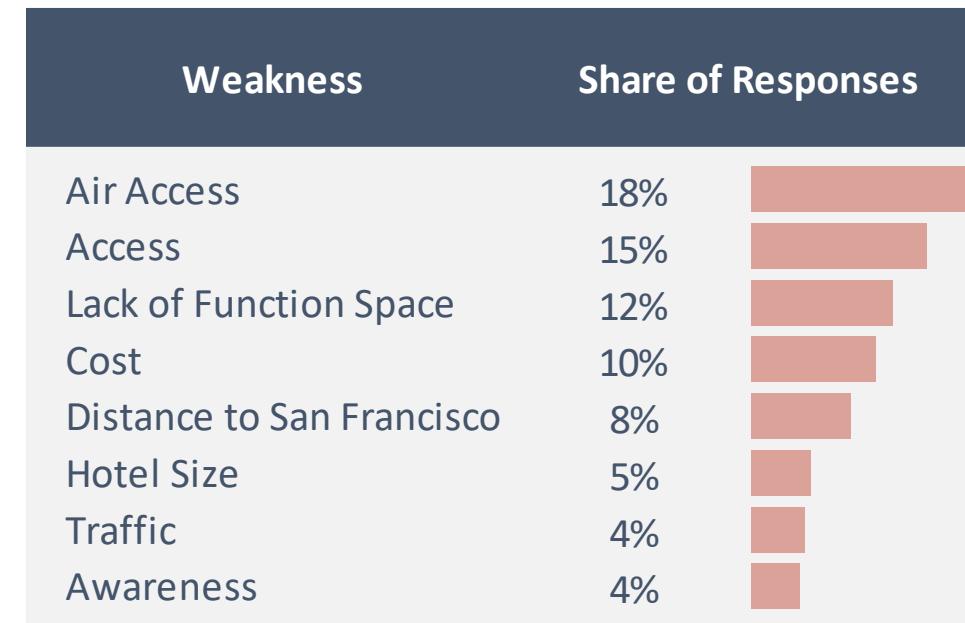
Strengths and Weaknesses

HVS

In your own words, please describe what you believe to be the key strengths and weaknesses of Sonoma County as an event destination.



n=266

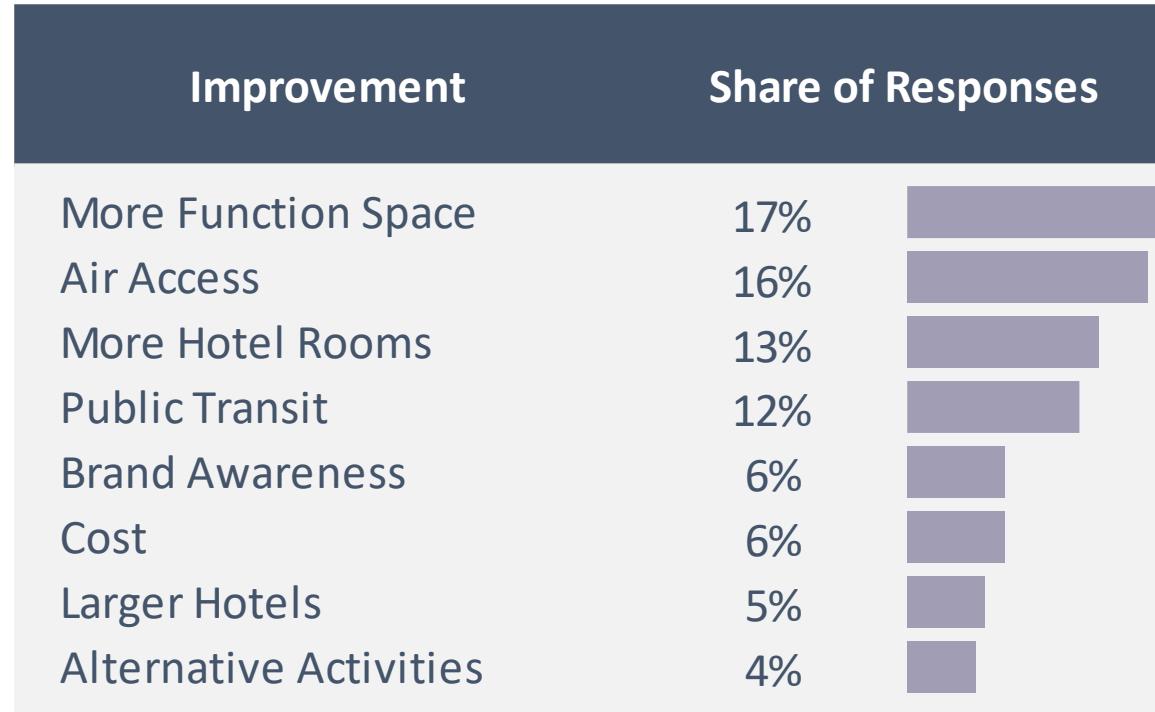


n=209

Key Improvements

HVS

Please describe what you believe to be the most important improvements to Sonoma County that would enhance the area as an event destination.

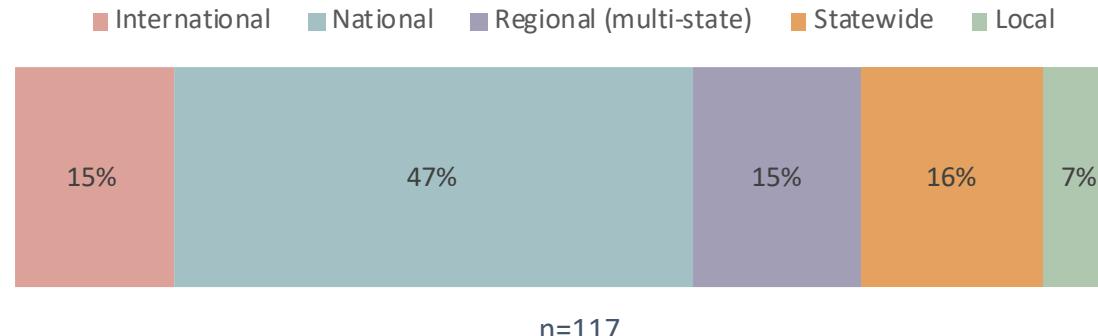


n=156

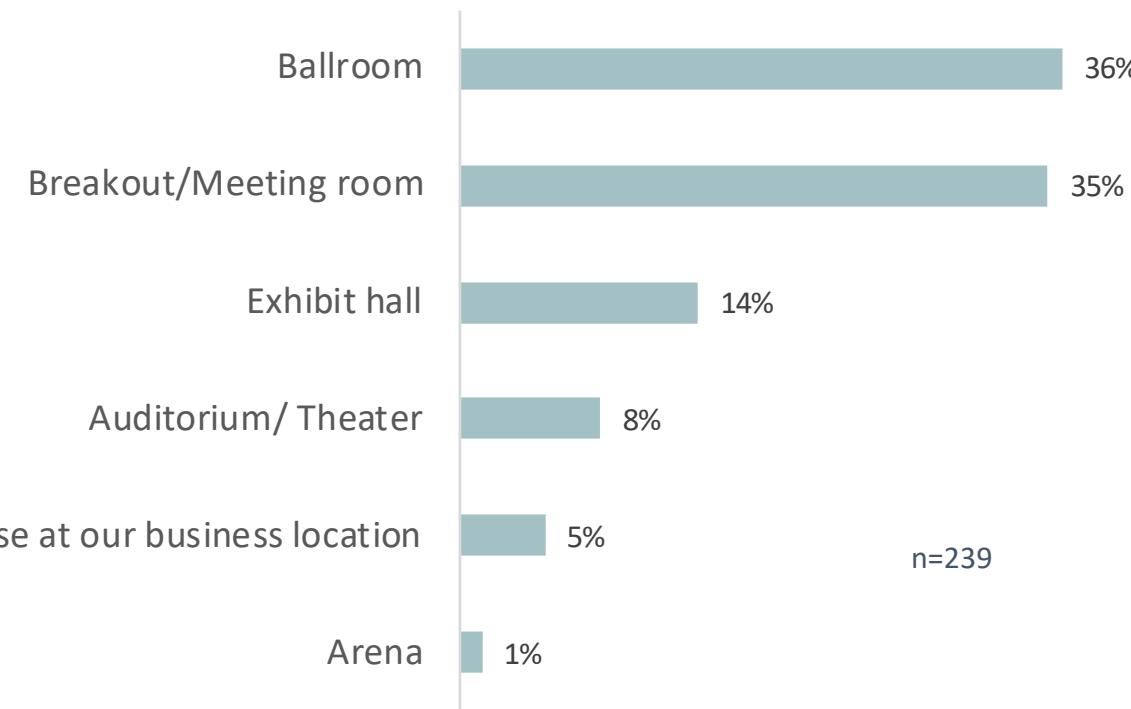
Attendee Origin and Spaces Used in Typical Event

HVS

Which category best describes the origin of attendees for your event?



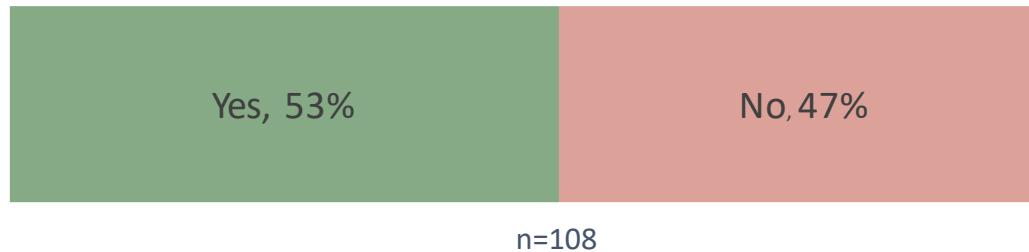
In what type of space(s) is your event typically held?



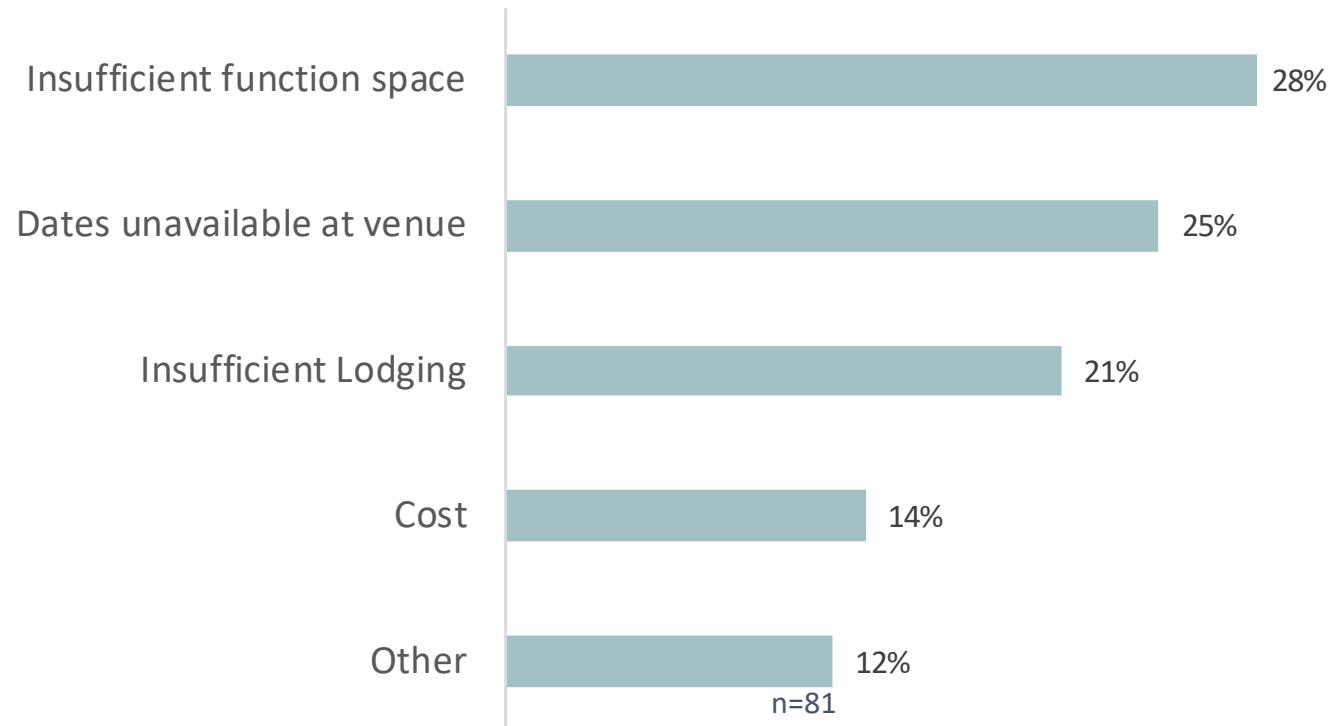
Hosting Events in Sonoma County

HVS

Have you ever wanted to host an event in Sonoma County but been unable to do so?

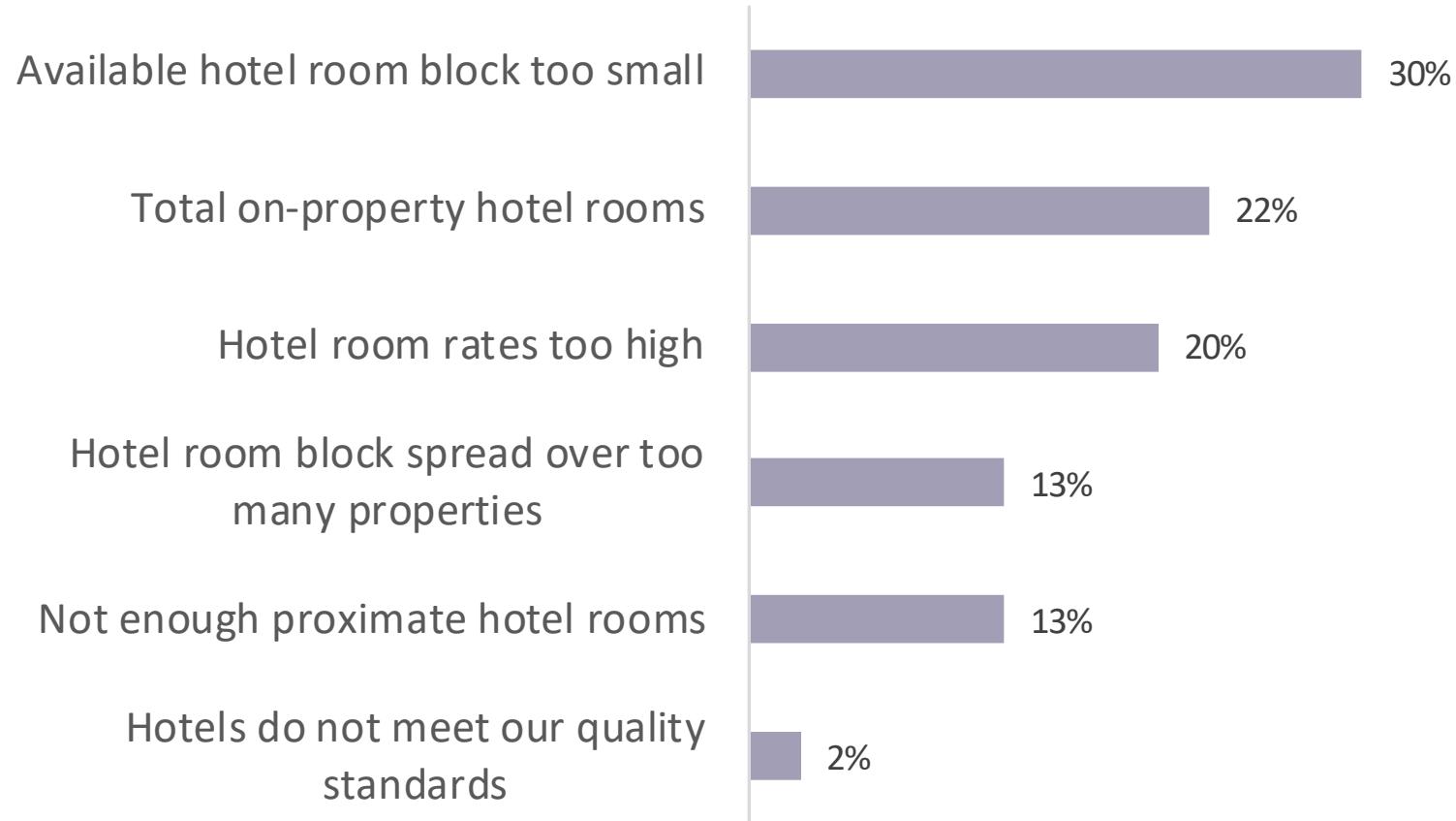


If no, why were you unable to host an event in Sonoma County?



Issues with Hotel Room Supply

Please indicate the specific reasons why hotel rooms were insufficient.

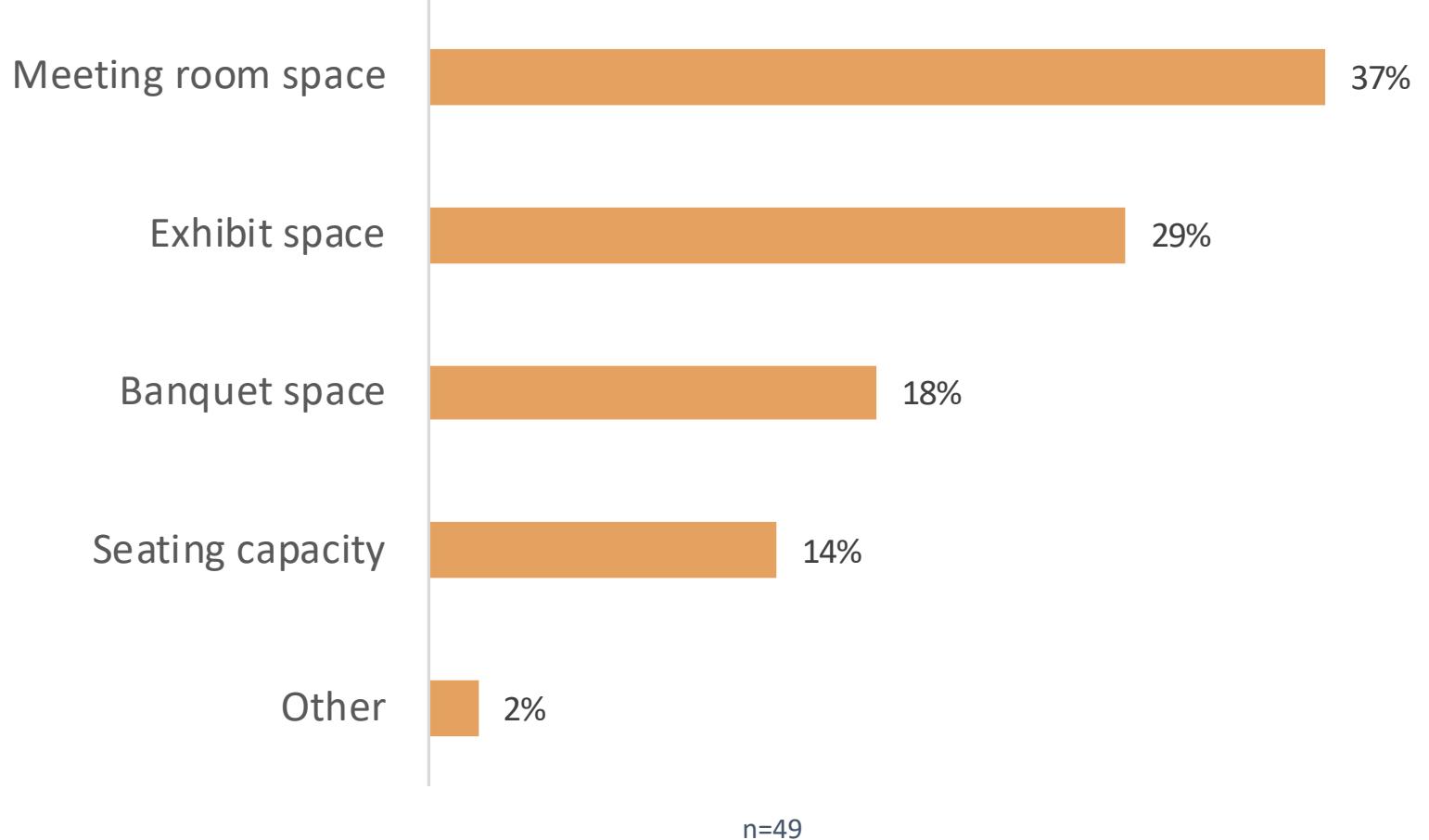


n=40

Issues with Function Space

HVS

Please indicate which type of function space was lacking.

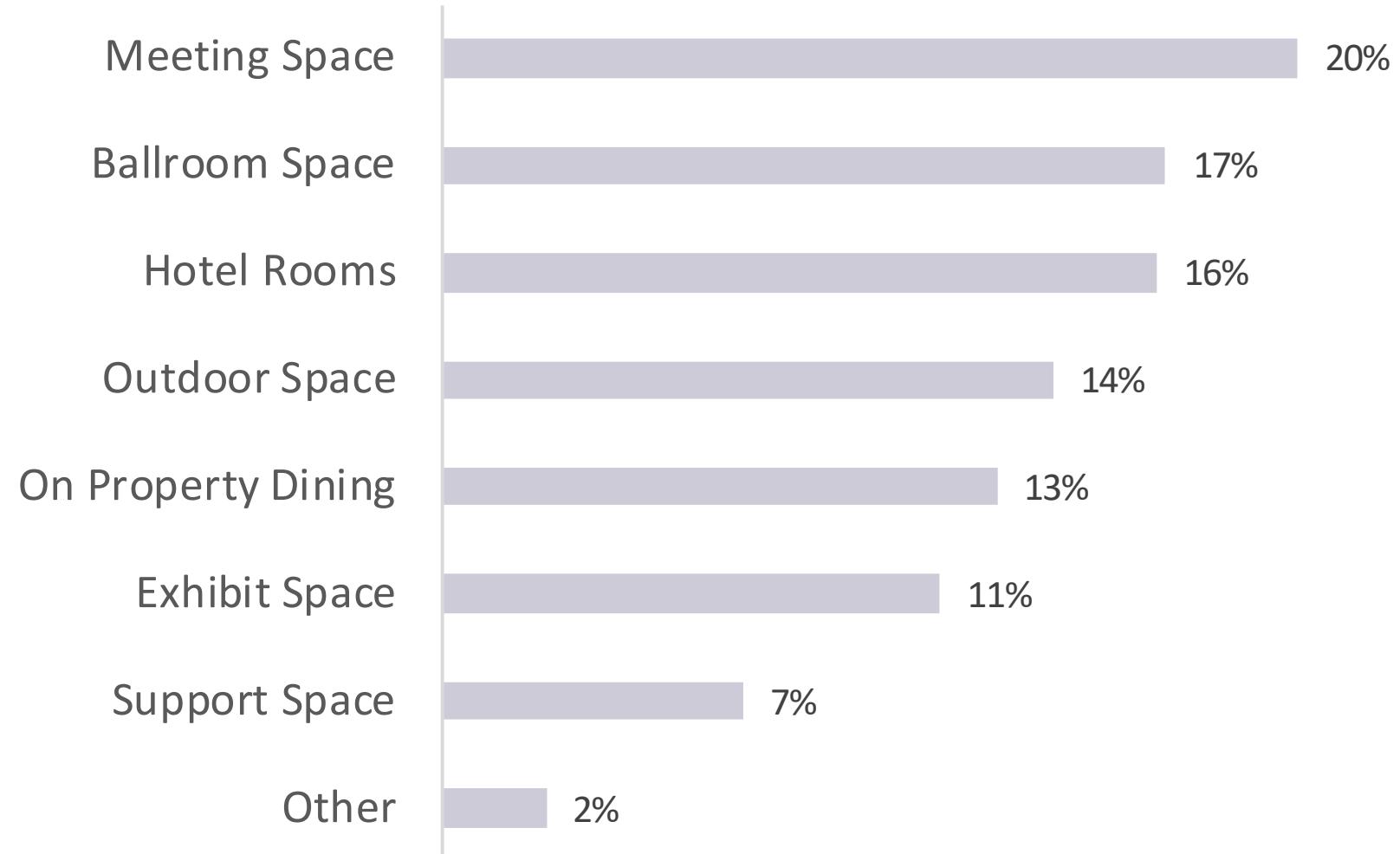


Sonoma County Convention Center Function Spaces

HVS

Sonoma County is considering developing a Convention Center. The next few questions ask about what features you consider are important in a potential event venue.

For you, what types of spaces would be most important to develop in a potential Sonoma County Convention Center?

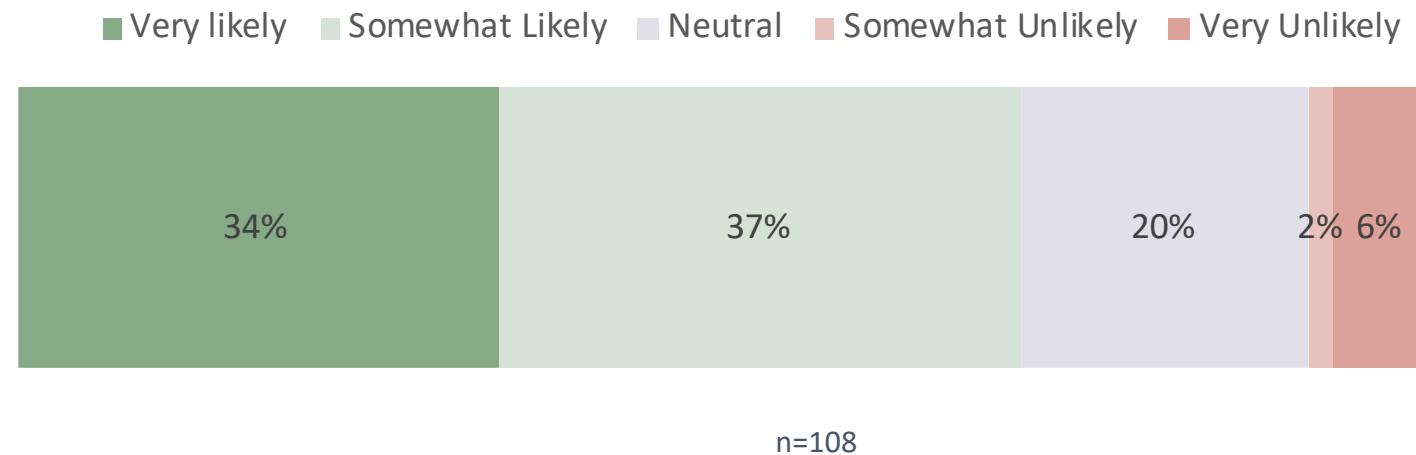


n=464

Likelihood of Hosting Event in Convention Center

HVS

How likely would you be to consider holding events if a Sonoma County Convention Center is developed?



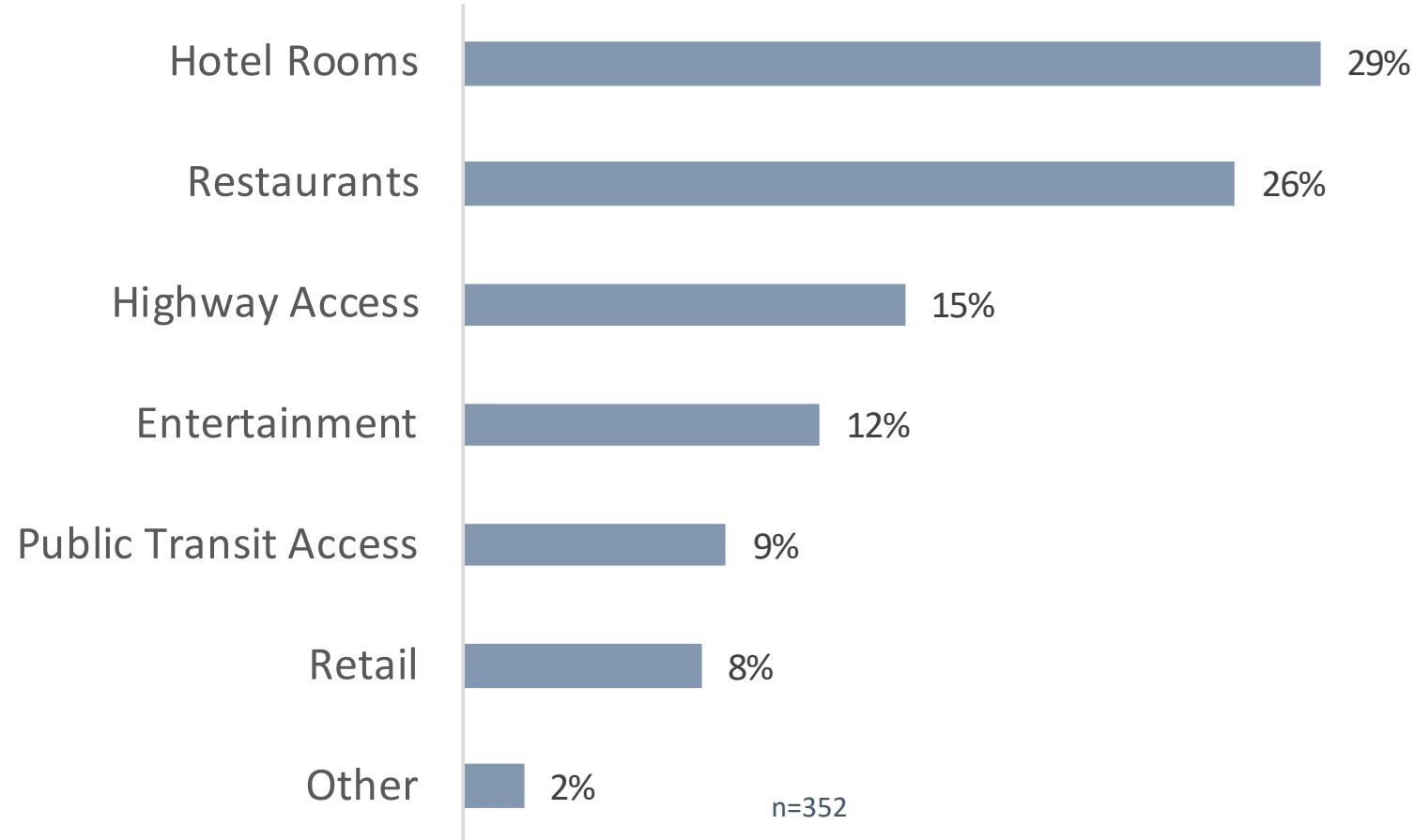
63 Positive Net Promoter Score

(Very Likely + Somewhat Likely) – (Somewhat Unlikely + Very Unlikely)

Convention Center Amenities

HVS

What amenities are most important to be near the proposed Sonoma County Convention Center?



- Conferences (37%), incentive meetings (28%), and trainings (16%) are the most common type of event that occur in Sonoma County today.
- The competitive cities include a mix of large, national convention hubs like San Diego, Chicago, Las Vegas, Boston, and Orlando, as well as northern California destinations like Monterey and Napa. San Francisco, both a national convention hub and northern California destination is the most common competitive city mentioned by respondents.
- Sonoma County's strength is its appeal as a destination: natural beauty (17%), lots of things to do (13%), and good food (12%). Sonoma County's strongest feature is its reputations as a wine destination (19%).
- Its primary weaknesses are the difficulty of access, whether by plane (18%) or other means of transportation (15%). Planners also mentioned a lack of adequate function space (12%).
- When asked to identify the most important improvements needed by the county, respondents identified the amount of function space and quantity of hotel rooms in the market (30%) and improvements to access (28%), via plane or public transit, as the key concerns.
- Most events planned by respondents draw attendees nationwide (47%), underscoring the need for air access, and use primarily ballrooms (36%) and meeting rooms (35%).

- Approximately half of the respondents tried but were unable to hold an event in Sonoma County.
- Respondents indicated a lack of function space (28%) and a lack of available dates (25%) were the reason they were unable to hold their event, indicating a high demand for event space. A lack of meeting space (37%) and exhibit space (29%) was highlighted by respondents as the missing types of function space in Sonoma County.
- Inadequate lodging supply (21%) was another factor identified by respondents that hindered their ability to host events in Sonoma County. The lack of a large room block (30%) and a lack of total hotel rooms (22%) were the primary reasons the hotel package was insufficient.
- When asked about developing a potential Sonoma County Convention Center (“SCCC”), Meeting space (20%), ballroom space (17%), and hotel rooms (16%) are the most important things respondents identified.
- 71% of respondents were either very likely (34%) or somewhat likely (37%) to consider hosting an event at the proposed SCCC.
- Hotel rooms (29%) and restaurants (26%) are the most important amenities to develop near the SCCC.

Building Program Recommendations



The building program recommendations that follow describe the floor areas of various types of function spaces as well as other important amenities for the proposed SCCC.

To formulate these recommendations for the proposed venue, HVS relied on a site inspection, an event planner survey, an analysis of meeting space programming in competitive venues and comparable markets, other market research, and knowledge of standard industry practices. This building program should serve as a guide for subsequent physical planning aimed at providing the desired facility program elements.

Convention Center Building Program Recommendation



HVS recommends a large main ballroom that can also serve as exhibit or flat floor space and can divide into seven separate breakout rooms. This ballroom is supported by two blocks of flexible meeting space and two board rooms.

An outdoor rooftop or terrace space is also recommended to host banquets and receptions. The weather in Sonoma County is conducive to outdoor events and non-traditional spaces are popular among event planners.

This function space is supplemented by function space in the adjacent hotel that is shown on the next slide.

Event Space	Floor Area (sf)	Capacities				Exhibit Booths 10' x 10'
		Theatre/ Reception	Banquet	Classroom		
Ballroom	21,000	2,100	1,050	1,450	147	
Division 1	7,500	750	380	520	53	
Sub-Division A	2,500	250	130	170	18	
Sub-Division B	2,500	250	130	170	18	
Sub-Division C	2,500	250	130	170	18	
Division 2	6,000	600	300	410	42	
Division 3	7,500	750	380	520	53	
Sub-Division A	2,500	250	130	170	18	
Sub-Division B	2,500	250	130	170	18	
Sub-Division C	2,500	250	130	170	18	
Meeting Room Block 1	6,000	600	300	410		
Division 1	1,500	150	80	100		
Division 2	1,500	150	80	100		
Division 3	1,500	150	80	100		
Division 4	1,500	150	80	100		
Meeting Room Block 2	4,000	400	200	280		
Division 1	1,000	100	50	70		
Division 2	1,000	100	50	70		
Division 3	1,000	100	50	70		
Division 4	1,000	100	50	70		
Board Rooms (2)	1,200					
TOTAL FUNCTION SPACE	32,200					
Terrace/Outdoor Rooftop	5,000	500	250	340		

Hotel Building Program Recommendation



HVS recommends a 250-room full-service property to support the SCCC. This hotel should have its own function space to host smaller events, but the function space would also support during larger conferences at the SCCC with additional breakout rooms and ballroom space.

Combined, the facilities would offer more than 40,000 square feet of function space.

Event Space	Floor Area (sf)	Capacities		
		Theatre/ Reception	Banquet	Classroom
Hotel Ballroom	5,000	500	250	340
Division 1	1,500	150	80	100
Sub-Division A	500	50	30	30
Sub-Division B	500	50	30	30
Sub-Division C	500	50	30	30
Division 2	2,000	200	100	140
Division 3	1,500	150	80	100
Sub-Division A	500	50	30	30
Sub-Division B	500	50	30	30
Sub-Division C	500	50	30	30
Meeting Room Block 1	2,400	240	120	170
Division 1	800	80	40	60
Division 2	800	80	40	60
Division 3	800	80	40	60
Board Room (1)	600			
TOTAL FUNCTION SPACE	8,000			
Hotel Rooms (Keys)	250			

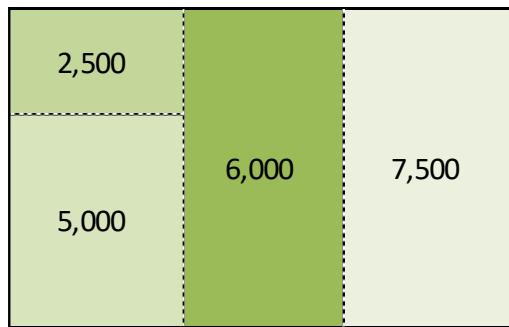
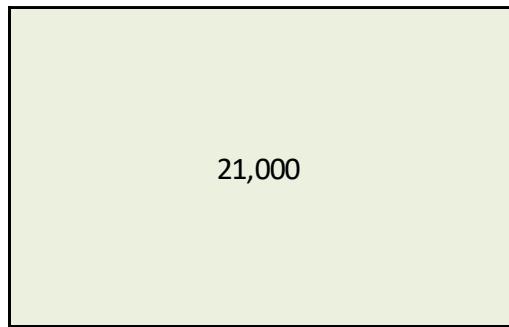
- The Grand Ballroom would be the largest event space in the proposed SCCC and would serve as a large banquet space primarily but could also be used to host exhibits for smaller conventions and local flat floor shows.
- At 21,000 square feet, this would be the largest ballroom in the region, larger than Graton Resort and Casino and the Monterey Conference Center. It also would be more flexible than these competing ballrooms.
- It would be divisible into seven different divisions, able to accommodate exhibits, large banquets, general sessions, meals, and breakout meetings.
- 85% of survey respondents indicated they needed less than 21,000 square feet of exhibit space, which the ballroom would serve with hotel function space and meeting rooms as breakout spaces to support the event.
- 86% of respondents need 750 theater style seats or less, and 77% need 350 banquet seats or less for their event, both of which can be accommodated in one division of the Grand Ballroom.
- Each of the six sub-divisions can support up to 170 in a classroom set up and up to 250 in a theater set up.

The ballroom should have convenient access to the main lobby and other pre-function spaces, which are either stand-alone or shared with other function spaces. Service access should be such that each division of the multi-purpose hall has independent rear access allowing an event to take place in one division while another is being serviced for a separate event. The space would serve multiple purposes and event types and should contain the following amenities.

- a minimum of 21-foot ceiling height,
- movable walls that provide good sound separation,
- durable wall and floor finishes,
- three-sided pre-function space,
- acoustical wall and ceiling treatments for amplified voice and music,
- built-in sound and AV systems,
- rigging points, lights, signs, and decorations (500-pound live load),
- in-floor utility boxes with communications and power,
- floor loads of at least 150 lbs. per square foot,
- variable lighting options with pre-set and dimming capabilities that are controllable at wall panels, and
- black-out capability for visual presentations.

Ballroom Configurations (square feet)

HVS



Meeting Space Recommendations



Two separate blocks of meeting space:

- 6,000 square foot block that can divide into four spaces of 1,500 square feet.
- A second block of 3,000 square feet that can divide into three separate spaces of 1,000 square feet.
- Two boardrooms with 600 square feet each.

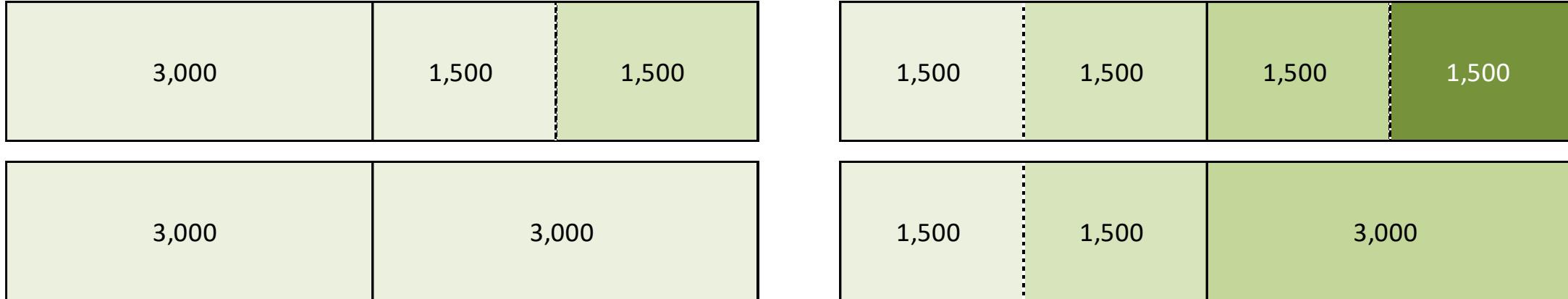
This amount of meeting space would satisfy the needs of event planners.

- 77% of survey respondents say seven breakout rooms are sufficient
- If the three meeting rooms at the adjacent hotel are included, the meeting space would satisfy 88% of survey respondents.
- If the hotel space is booked or more breakout spaces are needed, the ballroom can be transformed to offer six additional breakout spaces.

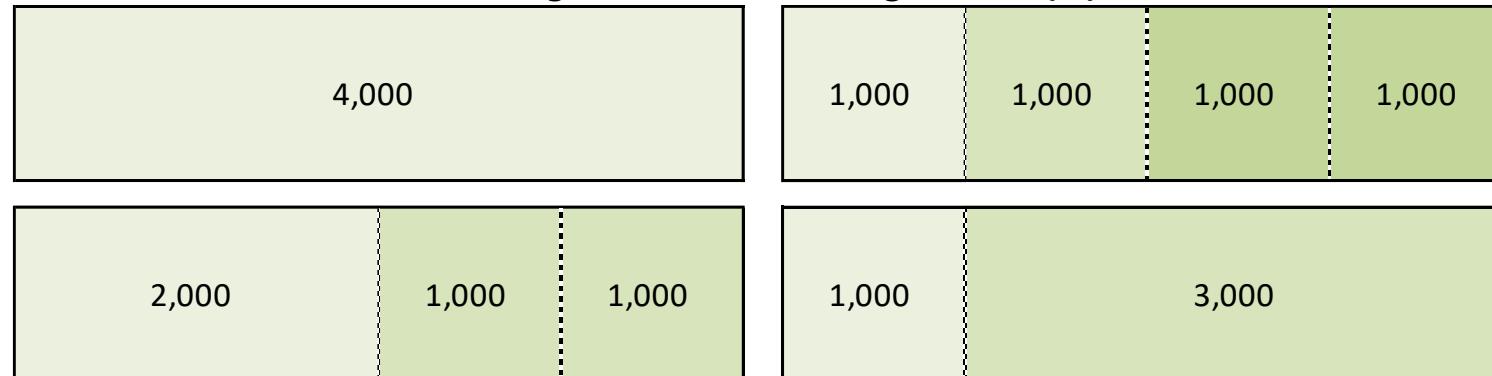
Meeting Space Configurations (square feet)

HVS

Meeting Room Block 1 Configurations (sf)



Meeting Room Block 2 Configurations (sf)



Meeting space provides breakout space for larger conference and meeting events and supports stand-alone meetings and food and beverage functions. Many events require banquet space which is separate from a meeting room block. While site constraints and other design issues will affect the final layout of these functional spaces, the configuration of the meeting room block should be such that they conveniently support the new multipurpose hall. HVS recommends that the new meeting space be in flexible blocks in areas that are conveniently accessible for attendees and efficiently serviced by event staff and contain the following amenities.

- minimum 12-foot ceiling heights,
- movable walls that provide good sound separation,
- built-in sound and AV systems,
- good acoustics for amplified voice and music,
- in-wall communications and power, and one floor box per division,
- variable lighting options with pre-set and dimming capabilities that are controllable at wall panels, and
- black-out capability for visual presentations.

- 250 hotel rooms at an adjacent property would serve as the main supporting hotel for the proposed SCCC. This is a large enough property to support a 150-200 room block group event, with excess rooms to accommodate leisure and other sources of demand.
- 59% of survey respondents require less than 150 peak hotel rooms for their event, which could easily be accommodated by this property.
- An additional 24% of respondents require between 150 and 500 rooms on peak, but a hotel that could accommodate that size block would struggle during non-event periods in this market.
- Other nearby hotels, depending on the location of the site, would be needed to accommodate these larger events. The Hyatt Regency, AC Hotel and Courtyard Santa Rosa, among other properties, could combine with this property to offer more than 650 rooms, which would serve these potential 500-room city-wide events.
- The function space at the hotel would serve the proposed SCCC and the proposed hotel, offering additional breakout and meal or reception space for large events, and the ability to host small stand-alone events that do not need to use the proposed SCCC.
- The hotel ballroom would serve as a junior ballroom for the SCCC, hosting smaller banquets and meals for conferences and conventions, while also accommodating smaller events that do not need the large ballroom in the SCCC.

Recommended Support Space

In addition to the function spaces provided above, the gross floor area included in the proposed SCCC would include the following elements:

- **Lobby and Pre-function Areas** – A well-appointed lobby and pre-function areas should provide event planners areas for greeting and registration, social gatherings, and well-defined public access to the multipurpose ballroom and meeting rooms. This space is also appropriate for stand-alone receptions, meals, and other community events.
- **Circulation** – Circulation space should provide for the movement of attendees into and through the venue. These areas would include and hallways, connecting walkways, and bridges as required. Depending on the concept plan, these areas could also include vertical circulation (stairwells, elevators, and escalators).
- **Service access** – Service corridors should provide non-public access to the event hall and meeting rooms as well as connection to the facility's loading docks, mechanical rooms, and storage.
- **Drop-off zone** – The venue should have a well-defined vehicular drop-off area and pedestrian access solely for the uses of event attendees.
- **Loading areas** – Service access separate from the drop-off zone, truck docks, and waste disposal areas necessary to support the venue.
- **Kitchen** – Further investigation should determine the extent to which the main production kitchens could also serve the needs of the venue. Substantial kitchen space is needed to continue the brand of Sonoma County as a food destination. A display kitchen would provide attendees and guests a chance to watch meals being prepared either in the hotel or the SCCC.
- **Storage** – Adequate and convenient equipment storage is important to the efficient operation of the facility.
- **Facility Operations** – Spaces needed to support the facility's physical plant, including HVAC, plumbing, electrical and fire protection systems.
- **Parking** – the on-site capacity for parking should be determined in view of the amount of available off-site parking that could service the proposed SCCC and proposed hotel.

Support Space

The following table summarizes the estimated square footage of support space needed for the proposed SCCC.

A more precise determination of the floor areas would require a concept plan created by a design firm that illustrates how the proposed venue alterations would fit on the site. The process of concept planning would likely require adjustments to the recommended floor areas.

Support Space	Total Floor Area (sf)	Notes
Total Function Space	32,200	
Support Space		
Prefunction Areas	9,000	Lineal feet of frontage times depth of pre-function space
Service Corridors	3,000	Lineal feet of back of house times depth of space
Vertical and Horizontal Circulation	6,000	10% of total function space, pre function, and support spaces
Kitchen/Commissary	8,000	25% of total Function space
Public Restrooms	3,000	10% of total function space
Administrative Offices	2,000	5% of total function space
Storage	4,000	10% of total function and pre-function space
Mechanical/Electrical Equipment	8,000	25% of total function space
Sub-total Support Space	43,000	
Gross Building Floor Area	75,200	

Comparable and Competitive Venues



Comparable and Competitive Venue Sets



This analysis of comparable venues provides a basis for developing program recommendations and forecasts of event demand. HVS compared the function spaces and adjacent hotel capacities for two sets of venues: the first are hotels in Sonoma County and Napa County with more than 4,000 square feet of function space (excluding luxury properties), and the second is convention and conference centers in California with more than 5,000 square feet of function space.

Total Function Space (SF)

HVS

The existing set of local hotels ranges from nearly 26,000 square feet at the Meritage Resort and Spa in Napa and 4,000 square feet at the DoubleTree in Napa. The proposed SCCC would be the largest event space in the local area, and with the hotel function space would offer nearly 15,000 more square feet of function space than the next largest venue.

Local Area Hotels with Meeting Space		
Name	Location	Function Space (sf)
Proposed SCCC and Hotel	NA	40,200
Proposed Sonoma County CC	NA	32,200
Meritage Resort & Spa	Napa	24,606
Graton Resort and Casino	Rohnert Park	19,674
Silverado Resort & Spa	Napa	19,150
Lodge at Sonoma Resort	Sonoma	16,379
Double Tree Hotel Sonoma Wine Country	Rohnert Park	15,340
Sheraton Hotel Sonoma Wine Country Petaluma	Petaluma	13,465
Hyatt Regency Sonoma Wine Country	Santa Rosa	13,096
Hyatt Vineyard Creek Hotel & Spa	Santa Rosa	12,000
Marriott Napa Valley Hotel and Spa	Napa	10,659
Flamingo Resort	Santa Rosa	9,819
Embassy Suites by Hilton Napa Valley	Napa	7,630
Oxford Suites Sonoma County	Rohnert Park	4,962
Doubletree by Hilton Napa Valley	American Canyon	4,121
Average		16,220

Total Function Space (SF)

HVS

The set of California convention and conference centers ranges from more than 70,000 square feet in Oakland to 5,600 square feet in Eureka. The proposed SCCC would be smaller than the convention centers in the set, even with the hotel included. It is slightly larger than the Monterey Conference Center on its own, and offers nearly 10,000 more square feet of function space with the hotel included.

California Conference and Convention Centers		
Name	Location	Function Space (sf)
Oakland Convention Center	Oakland	70,114
Visalia Convention Center	Visalia	52,754
Riverside Convention Center	Riverside	50,396
Proposed SCCC and Hotel	NA	40,200
Proposed Sonoma County CC	NA	32,200
Monterey Conference Center	Monterey	31,633
Marin County Civic Center	San Rafael	24,720
South San Francisco Conference Center	San Francisco	20,500
Liberty Station Conference Center	San Diego	14,267
Sequoia Conference Center	Eureka	5,616
Average		34,240

Total Exhibit Space (SF)

HVS

None of the hotels in Sonoma County or Napa County offer exhibit space as part of their function space and only three of the convention and conference centers offer exhibit space.

The Oakland Convention Center offers more than 45,000 square feet, while Visalia and Riverside offer less than 32,000 square feet and 28,000 square feet, respectively.

The Ballroom in the SCCC can serve as exhibit space for events that require it, with up to 21,000 square feet of space. Dedicated exhibit space is rare due to the limited demand from large conventions, trade shows, and consumer shows.

California Conference and Convention Centers

Name	Location	Exhibit Space (sf)	# Halls
Oakland Convention Center	Oakland	45,960	3
Visalia Convention Center	Visalia	31,675	1
Riverside Convention Center	Riverside	27,953	4
Marin County Civic Center	San Rafael	22,500	2
Sequoia Conference Center	Eureka	0	0
South San Francisco Conference Center	San Francisco	0	0
Liberty Station Conference Center	San Diego	0	0
Monterey Conference Center	Monterey	0	0
Proposed Sonoma County CC	NA	0	0
Proposed SCCC and Hotel	NA	0	0
Average		32,022	3

Total Ballroom Space (SF)

HVS

The proposed SCCC would have the largest ballroom in Sonoma County and with the hotel included offers 26,000 sf of ballroom space. The set of hotels ranges from 18,000 square feet at the Graton Resort and Casino to around 3,000 square feet at the Oxford Suites Sonoma County.

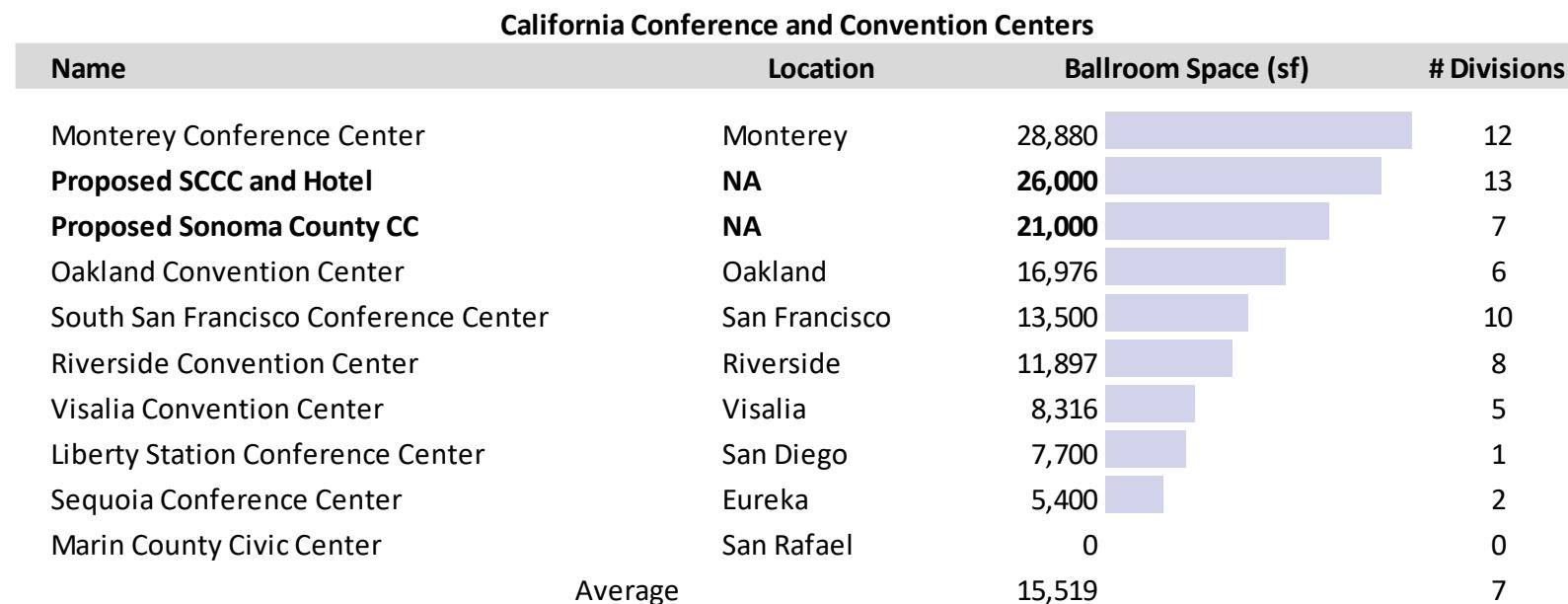
Local Area Hotels with Meeting Space			
Name	Location	Ballroom Space (sf)	# Divisions
Proposed SCCC and Hotel	NA	26,000	13
Proposed Sonoma County CC	NA	21,000	7
Graton Resort and Casino	Rohnert Park	18,000	7
Meritage Resort & Spa	Napa	17,848	20
Hyatt Vineyard Creek Hotel & Spa	Santa Rosa	10,712	8
Hyatt Regency Sonoma Wine Country	Santa Rosa	9,148	6
Sheraton Hotel Sonoma Wine Country Petaluma	Petaluma	8,313	2
Marriott Napa Valley Hotel and Spa	Napa	7,964	11
Lodge at Sonoma Resort	Sonoma	7,315	4
Double Tree Hotel Sonoma Wine Country	Rohnert Park	6,825	4
Flamingo Resort	Santa Rosa	5,467	2
Silverado Resort & Spa	Napa	5,160	4
Embassy Suites by Hilton Napa Valley	Napa	4,650	6
Doubletree by Hilton Napa Valley	American Canyon	3,000	2
Oxford Suites Sonoma County	Rohnert Park	2,889	
Average		10,286	7

Total Ballroom Space (SF)

HVS

The set of convention and conference centers ranges from almost 29,000 square feet in Monterey to 5,400 square feet in Eureka. The SCCC offers less total ballroom space than Monterey however the SCCC space is more flexible and can accommodate more breakout rooms.

Several of these properties offer main and junior ballrooms to increase the number of simultaneous events they can host and increase the flexibility of the facility. The hotel ballroom would serve as the junior ballroom for the SCCC.



Total Meeting Space (SF)

HVS

The SCCC with the hotel included would have the most meeting space among the set of local hotels. The set of existing hotels ranges from nearly 14,000 square feet at the Silverado Resort and Spa to around 1,100 square feet at the Doubletree by Hilton Napa Valley.

Local Area Hotels with Meeting Space				
Name	Location	Meeting Space (sf)	# Rooms	
Proposed SCCC and Hotel	NA	14,200	13	
Silverado Resort & Spa	Napa	13,990	15	
Proposed Sonoma County CC	NA	11,200	9	
Lodge at Sonoma Resort	Sonoma	9,064	10	
Double Tree Hotel Sonoma Wine Country	Rohnert Park	8,515	9	
Meritage Resort & Spa	Napa	6,758	6	
Sheraton Hotel Sonoma Wine Country Petaluma	Petaluma	5,152	7	
Flamingo Resort	Santa Rosa	4,352	5	
Hyatt Regency Sonoma Wine Country	Santa Rosa	3,948	5	
Embassy Suites by Hilton Napa Valley	Napa	2,980	4	
Marriott Napa Valley Hotel and Spa	Napa	2,695	4	
Hyatt Vineyard Creek Hotel & Spa	Santa Rosa	2,283	3	
Oxford Suites Sonoma County	Rohnert Park	2,073	3	
Graton Resort and Casino	Rohnert Park	1,674	3	
Doubletree by Hilton Napa Valley	American Canyon	1,121	3	
Average		6,000	7	

Total Meeting Space (SF)

HVS

The set of convention and conference centers ranges from 12,763 square feet in Visalia to a single boardroom in Eureka. The proposed SCCC and hotel offers the most meeting space among the set. Without the hotel, the proposed SCCC falls behind Visalia.

California Conference and Convention Centers				
Name	Location	Meeting Space (sf)	# Rooms	
Proposed SCCC and Hotel	NA	14,200	13	
Visalia Convention Center	Visalia	12,763	16	
Proposed Sonoma County CC	NA	11,200	9	
Riverside Convention Center	Riverside	10,546	11	
Oakland Convention Center	Oakland	7,178	12	
South San Francisco Conference Center	San Francisco	7,000	3	
Liberty Station Conference Center	San Diego	6,567	8	
Monterey Conference Center	Monterey	2,753	5	
Marin County Civic Center	San Rafael	2,220	2	
Sequoia Conference Center	Eureka	216	1	
Average		7,464	8	

Total Adjacent Hotel Rooms

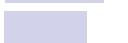
HVS

The set of hotels ranges from having 415 rooms at Silverado Resort and Spa to 132 rooms at the Doubletree by Hilton Napa Valley. The proposed SCCC would have nearly as many rooms as the Hyatt Regency Sonoma and more than the DoubleTree Sonoma.

Local Area Hotels with Meeting Space		
Name	Location	Adjacent Hotel Rooms
Silverado Resort & Spa	Napa	341
Meritage Resort & Spa	Napa	322
Marriott Napa Valley Hotel and Spa	Napa	275
Hyatt Regency Sonoma Wine Country	Santa Rosa	253
Proposed Sonoma County CC	NA	250
Proposed SCCC and Hotel	NA	250
Double Tree Hotel Sonoma Wine Country	Rohnert Park	245
Embassy Suites by Hilton Napa Valley	Napa	205
Graton Resort and Casino	Rohnert Park	200
Sheraton Hotel Sonoma Wine Country Petaluma	Petaluma	184
Flamingo Resort	Santa Rosa	170
Oxford Suites Sonoma County	Rohnert Park	163
Hyatt Vineyard Creek Hotel & Spa	Santa Rosa	155
Lodge at Sonoma Resort	Sonoma	146
Doubletree by Hilton Napa Valley	American Canyon	132
Average		219

Total Adjacent Hotel Rooms

The set of convention and conference centers ranges from having 825 rooms by the Monterey Conference Center to 195 rooms in Visalia. The Monterey Conference Center rooms are spread across three hotels, while the 547 rooms at the Oakland Convention Center are spread across two hotels. Depending on its location, the proposed SCCC could rely on other local hotels in Santa Rosa or Rohnert Park to increase nearby hotel supply.

California Conference and Convention Centers			
Name	Location	Adjacent Hotel Rooms	
Monterey Conference Center	Monterey	825	
Oakland Convention Center	Oakland	547	
Liberty Station Conference Center	San Diego	350	
Riverside Convention Center	Riverside	292	
Proposed Sonoma County CC	NA	250	
Proposed SCCC and Hotel	NA	250	
South San Francisco Conference Center	San Francisco	236	
Visalia Convention Center	Visalia	195	
Sequoia Conference Center	Eureka	0	
Marin County Civic Center	San Rafael	0	
Average		368	

Ratio of Function Space to Hotel Rooms



To test the reasonableness of this building program, HVS compared the amount of function space at the proposed SCCC and adjacent hotel with the two sets of venues.

The proposed SCCC on its own is above the average of the set of convention and conference centers in terms of square foot per room. When the hotel function space is included, it jumps to 160, closer to the convention centers in the set.

When the Hyatt and Courtyard rooms are included, as they could be for a large city-wide event that needs multiple room blocks, the ratio falls to 63, much closer to the average of the local hotels with meeting space. The proposed SCCC and hotel would rely on other proximate hotels to absorb excess demand when large city-wide events occur. However, there are not enough of these events to justify the construction of a larger hotel adjacent to the proposed SCCC.

Venue	Function Space (sf)	Hotel Rooms	Ratio
Local Area Hotels with Meeting Space			
Lodge at Sonoma Resort	16,379	146	112.2
Graton Resort and Casino	19,674	200	98.4
Hyatt Vineyard Creek Hotel & Spa	12,000	155	77.4
Meritage Resort & Spa	24,606	322	76.4
Sheraton Hotel Sonoma Wine Country Petaluma	13,465	184	73.2
Double Tree Hotel Sonoma Wine Country	15,340	245	62.6
Flamingo Resort	9,819	170	57.8
Silverado Resort & Spa	19,150	341	56.2
Hyatt Regency Sonoma Wine Country	13,096	253	51.8
Marriott Napa Valley Hotel and Spa	10,659	275	38.8
Embassy Suites by Hilton Napa Valley	7,630	205	37.2
Doubletree by Hilton Napa Valley	4,121	132	31.2
Oxford Suites Sonoma County	4,962	163	30.4
<i>Average</i>			61.8
California Conference and Convention Centers			
Visalia Convention Center	52,754	195	270.5
Riverside Convention Center	50,396	292	172.6
Oakland Convention Center	70,114	547	128.2
South San Francisco Conference Center	20,500	236	86.9
Liberty Station Conference Center	14,267	350	40.8
Monterey Conference Center	31,633	825	38.3
<i>Average</i>			85.2
Proposed SCCC	32,200	250	128.8
Proposed SCCC with Hotel Function Space	40,200	250	160.8
Proposed SCCC and Hotel (With Hyatt & Courtyard Rooms)	40,200	641	62.7

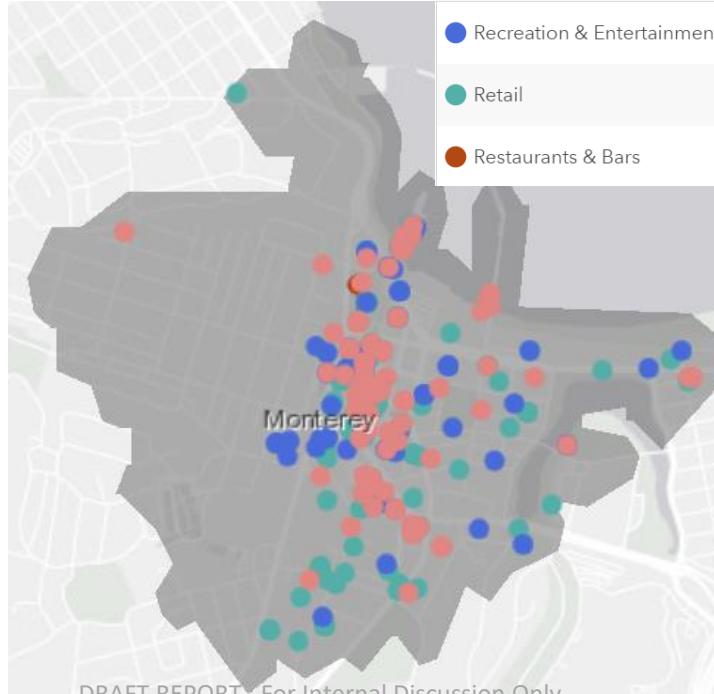
Case Studies



Monterey Conference Center

HVS

- Renovated in 2018 for \$60M
- Funding provided by bonds from revenue generated from Monterey hotels and motels
- Shares Plaza with Portola Hotel & Spa, and is connected via sky bridge to Monterey Marriot



Number of Amenities within 15-Minute Walk

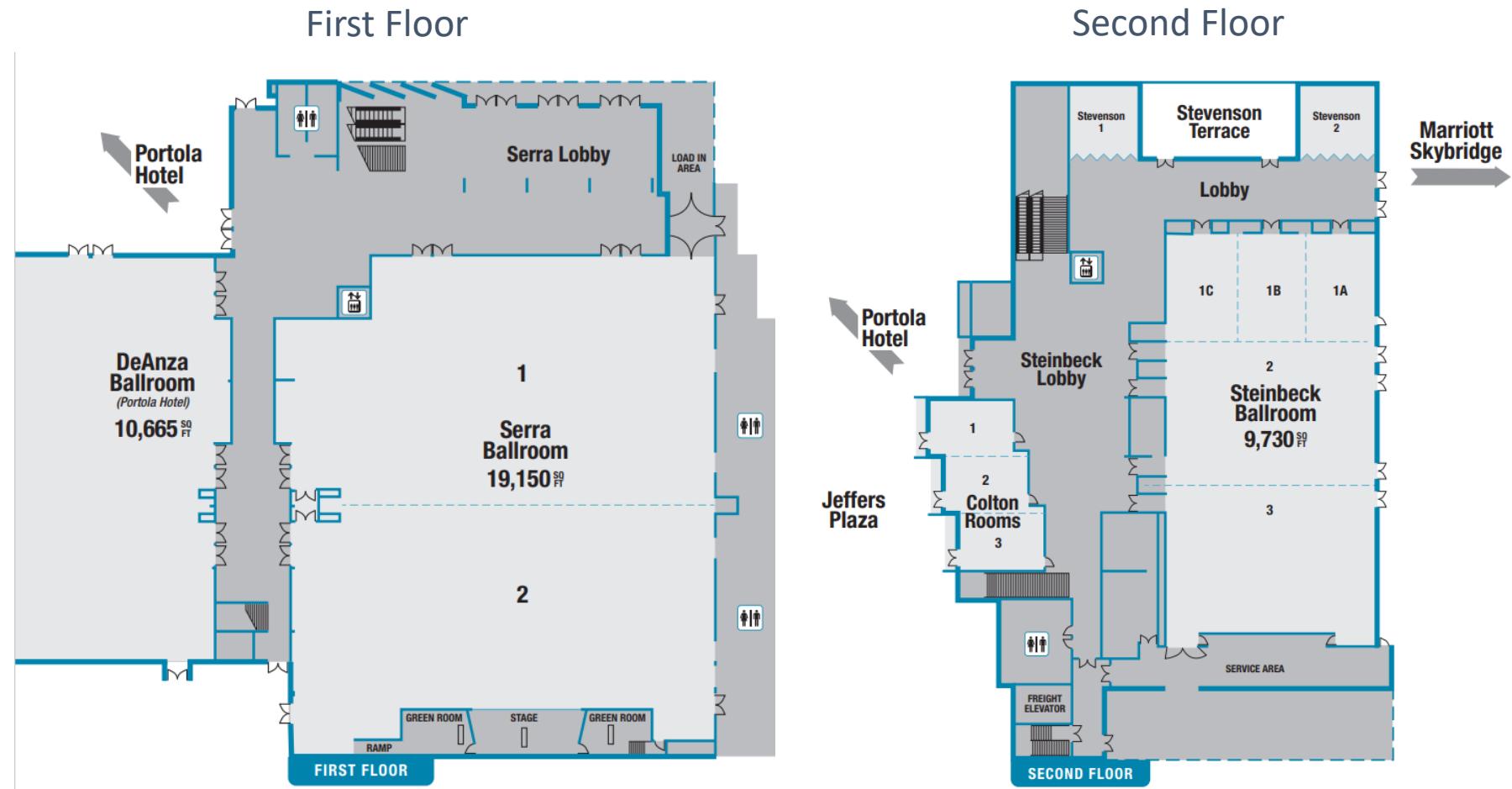
Hotels & Motels	28
Restaurants & Bars	101
Retail	99
Recreation & Equipment	58

Source: ESRI

Monterey Conference Center – Floor Plan

HVS

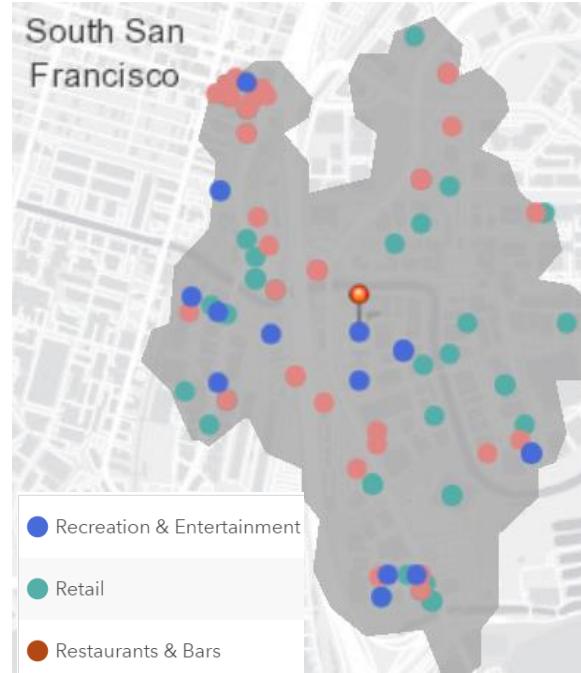
Function Spaces	SF
Serra Ballroom	19,150
Serra 1	10,500
Serra 2	8,650
Steinbeck Ballroom	9,730
Steinbeck 1	3,430
Steinbeck 1A	880
Steinbeck 1B	960
Steinbeck 1C	880
Steinbeck 2	2,730
Steinbeck 3	3,430
Total Ballroom Space	28,880
Colton	1,653
Colton 1	551
Colton 2	551
Colton 3	551
Stevenson 1	506
Stevenson 2	594
Total Meeting Space	2,753
Total Function Space	31,633



South San Francisco Conference Center

HVS

- Renovated in 2015
- Directly across from DoubleTree by Hilton
- Major ballroom is divisible into breakout rooms
- Shuttle service provided to BART, Ferry, and CalTrain



Number of Amenities within 15-Minute Walk

Hotels & Motels	17
Restaurants & Bars	38
Retail	39
Recreation & Equipment	15

South San Francisco Conference Center – Floor Plan

HVS

Function Spaces	SF
Grand Ballroom	13,500
Salon E or F	3,750
Salons A, B, C, D, G, H, I or J	750
Baden Room	3,000
Room A	1,500
Room B	1,500
Oyster Point	4,000
Total Meeting Space	7,000
Total Function Space	20,500

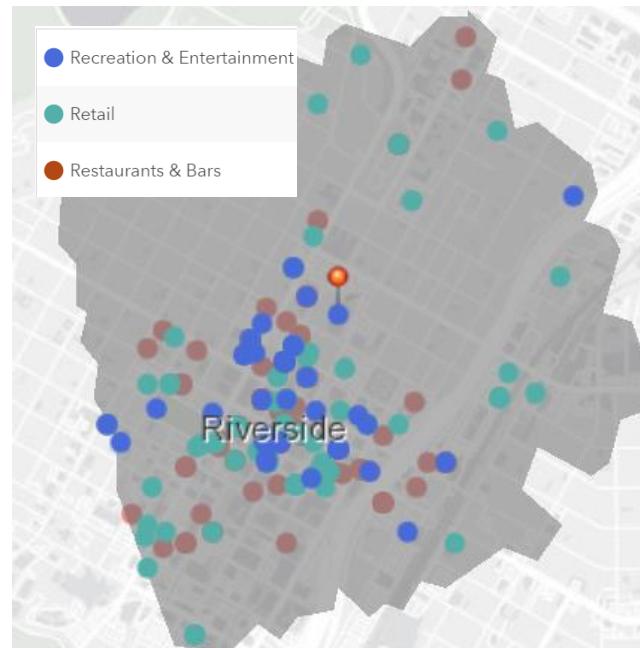
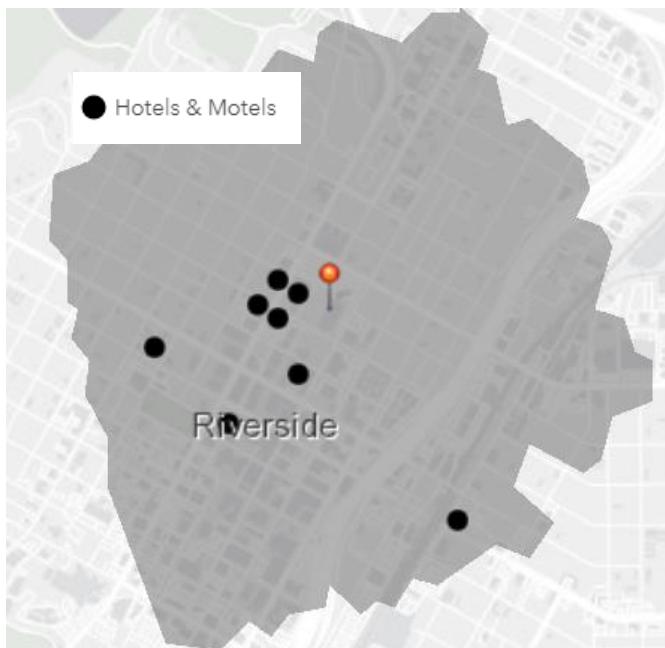


Source: South San Francisco Conference Center

Riverside Convention Center

HVS

- Rebuilt in 2014
- Hosts over 300,000 guests annually
- Generated \$40M in gross direct spending in 2019
- Partnership with Marriott Riverside at the Convention Center



Number of Amenities within 15-Minute Walk

Hotels & Motels	8
Restaurants & Bars	98
Retail	72
Recreation & Entertainment	38

Riverside Convention Center – Floor Plan

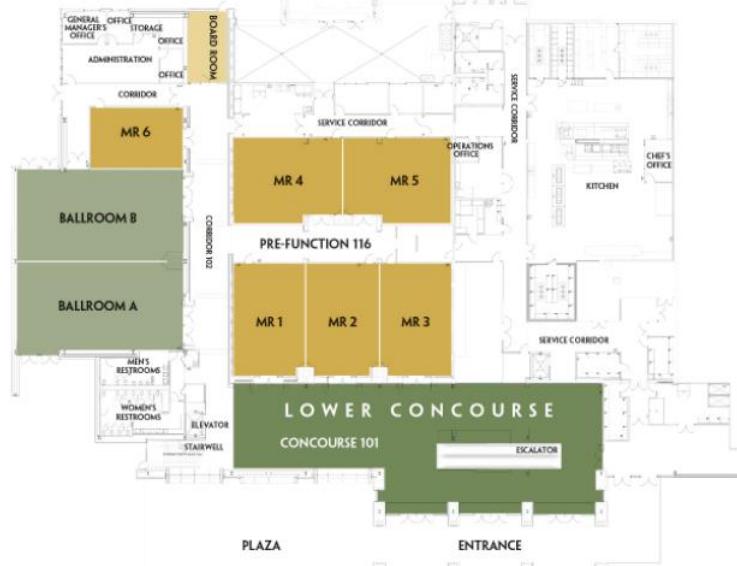
HVS

Function Spaces	SF	Function Spaces	SF
Ben H. Lewis Hall	27,953	Ballroom	3,999
Exhibit Hall A	9,965	Ballroom A	1,978
Exhibit Hall B	9,965	Ballroom B	2,017
Exhibit Hall C	3,785	Meeting Rooms 1-6	6,447
Exhibit Hall D	4,505	MR 1	1,080
Raincross Ballroom	7,898	MR 2	1,115
RC A	1,311	MR 3	1,090
RC B	1,321	MR 4	1,202
RC C	1,323	MR 5	1,202
RC D	1,307	MR 6	758
RCE	1,381	Board Room	377
RC F	1,381		
Meeting Rooms 7-10	3,709	Function Spaces	SF
MR 7	925	Total Exhibit Space	27,953
MR 8	941	Total Ballroom Space	11,897
MR 9	938	Total Meeting Space	10,533
MR 10	905	Total Function Space	50,383

Upper Floor



Lower Floor



Source: Riverside Convention Center

DRAFT REPORT : For Internal Discussion Only

Site Analysis



Site Analysis Methodology



The suitability of the land for the development of entertainment and cultural event facilities is an important consideration affecting the economic viability of a property and its ultimate marketability. Factors such as size, topography, accessibility, visibility, and the proximity to other amenities have a direct impact on the suitability of a site.

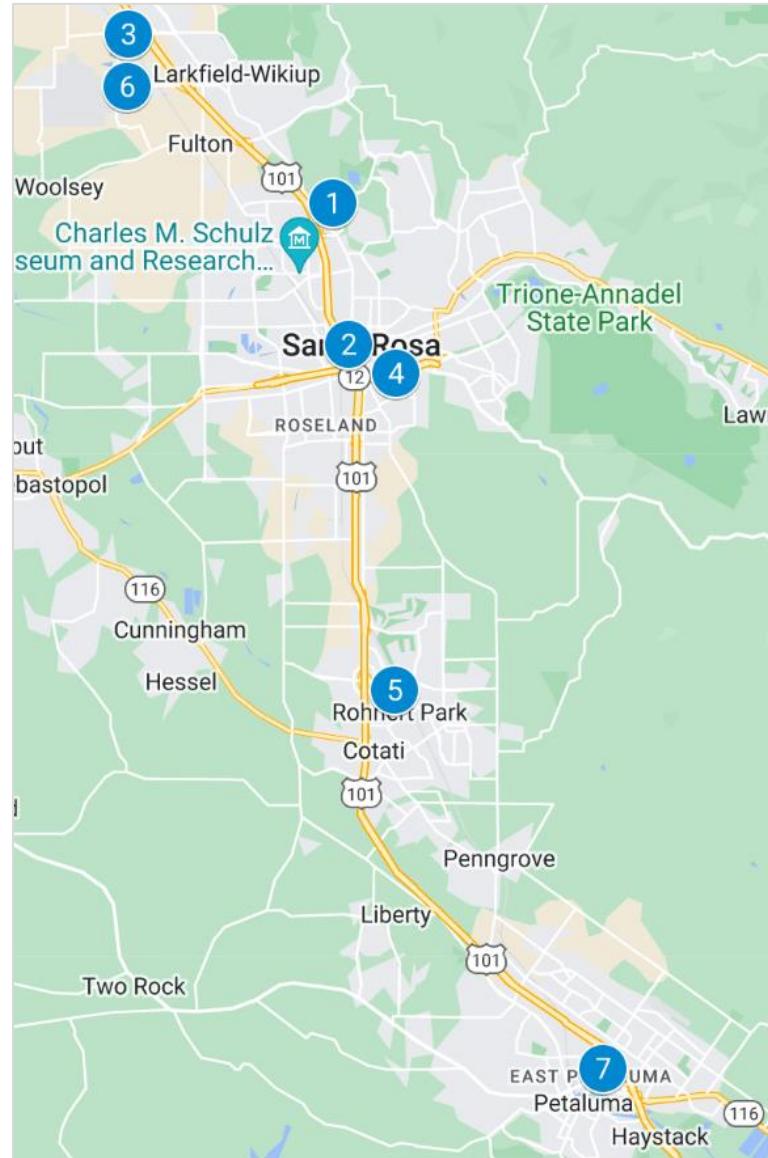
Working with Sonoma County Tourism, HVS identified more than ten sites that could potentially accommodate the proposed SCCC. HVS prioritized proximity to the 101 freeway, which connects Sonoma County to the Bay Area in the south. The largest cities in Sonoma County are along the 101 and attendees and suppliers prefer ease of access from the freeway to reach their events.

HVS toured these potential sites and narrowed the list down to seven potential sites. HVS then rated each potential site on 27 evaluation criteria. The rating of each site combined with the relative importance of each criteria results in a weighted score for each potential site. This process identified the three highest scoring sites which are the most suitable sites for the proposed event venues. The conclusion of this section evaluates the overall suitability of these three sites.

Potential Sites

HVS

- 1 Round Barn
- 2 Santa Rosa Mall
- 3 Shiloh Lot
- 4 Sonoma County Fairgrounds
- 5 State Farm Lot
- 6 Airport Site
- 7 Petaluma Fairgrounds



Round Barn

HVS



Driving Distance (Minutes)		Industry	0.5 Mile Radius	10 Minute Walk
Nearest 101 Entrance	2	Lodging	7	5
Nearest SMART Stop	6	Retail	43	8
STS Airport	12	Restaurants	16	5
		Entertainment	9	1

3555 Round Barn Blvd, Santa Rosa, CA

11.12 Acres

Pros:

1. Lodging being developed adjacent
2. Scenic views of Sonoma County
3. 101 access
4. Former development infrastructure in place

Cons:

1. Limited walkability and retail, dining, entertainment
2. Limited room to expand
3. Site already owned with development plans
4. Fire risk

Santa Rosa Mall

HVS



100 Santa Rosa Plaza, Santa Rosa, CA

29.62 Acres (Total)

Pros:

1. Multiple existing lodging, dining, retail options within walking
2. Wider anticipated community acceptance
3. 101 and SMART access
4. Existing parking

Cons:

1. Extensive renovation/demolition needed
2. Site needs to be acquired and master planned
3. Relocation of existing stores

Driving Distance (Minutes)		Industry	0.5 Mile Radius	10 Minute Walk
Nearest 101 Entrance	2	Lodging	8	7
Nearest SMART Stop	3	Retail	78	68
STS Airport	14	Restaurants	84	81
		Entertainment	33	27

*Mall stores not included



895 Shiloh Road, Windsor, CA

38.59 Acres

Pros:

1. Owner open to development
2. Large site that could be master planned
3. STS Access
4. 101 Access

Cons:

1. Limited walkability and surrounding retail, dining, entertainment
2. No nearby lodging
3. Limited infrastructure

Driving Distance (Minutes)	
Nearest 101 Entrance	1
Nearest SMART Stop	3
STS Airport	4

Industry	0.5 Mile Radius	10 Minute Walk
Lodging	2	2
Retail	14	4
Restaurants	13	1
Entertainment	5	0

Sonoma County Fairgrounds

HVS



1350 Bennett Valley Road, Santa Rosa, CA 95405

81 Acres

Pros:

1. Large land area available for development
2. 101 Access
3. Fairgrounds eager to build

Cons:

1. Limited surrounding retail, dining, lodging
2. Lack of control over larger development plans
3. Limited walkability

Driving Distance (Minutes)	Industry	0.5 Mile Radius	10 Minute Walk
Nearest 101 Entrance	Lodging	0	0
Nearest SMART Stop	Retail	5	4
STS Airport	Restaurants	5	5
	Entertainment	1	0

*Fairground stores/activities not included

State Farm Lot

HVS



6400 State Farm Drive, Rohnert Park, CA, 94928

29.77 Acres

Pros:

1. Large land area
2. Central location with walkability
3. 101 and SMART Access
4. More favorable building environment

Cons:

1. Limited surrounding lodging
2. Existing plans for downtown Rohnert Park
3. Limited room to expand

Driving Distance (Minutes)	Industry	0.5 Mile Radius	10 Minute Walk
Nearest 101 Entrance	Lodging	1	0
Nearest SMART Stop	Retail	36	17
STS Airport	Restaurants	33	9
	Entertainment	13	8



1631 Airport Blvd, Santa Rosa, CA 95403

20.1 Acres

Pros:

1. Large site that could be master planned
2. STS Airport Access
3. 101 and SMART Access

Cons:

1. Limited walkability and retail, dining, entertainment
2. Limited lodging
3. Height restrictions from airport proximity

Driving Distance (Minutes)	Industry	0.5 Mile Radius	10 Minute Walk
Nearest 101 Entrance	Lodging	0	0
Nearest SMART Stop	Retail	29	22
STS Airport	Restaurants	1	1
	Entertainment	4	1

Petaluma Fairgrounds

HVS



175 Fairgrounds Dr, Petaluma, CA 94952

63 Acres

Pros:

1. Large site that could be master planned
2. 101 and SMART Access
3. Shuttle to SFO runs from parking lot
4. Proximity to Bay Area

Cons:

1. Limited walkability and retail, dining, entertainment
2. Limited lodging
3. Traffic issues along Washington Street

Driving Distance (Minutes)	Industry	0.5 Mile Radius	10 Minute Walk
Nearest 101 Entrance	Lodging	3	2
Nearest SMART Stop	Retail	51	30
STS Airport	Restaurants	41	38
	Entertainment	15	13

Site Evaluation Methodology



In accordance with the scope of services, HVS evaluated a range of potential sites for viability and potential to develop a conference center. In the process, HVS performed the following tasks:

- HVS toured Sonoma County and assessed each site.
- Interviewed Advisory Council members and local stakeholders.
- Developed 27 criteria for site preferences that were weighted based on event planner preferences, City needs, and industry knowledge.
- Evaluated each of the sites on each criteria, with each site receiving a 1, 2, or 3 on each. A score of 3 means the site met the criteria, a 2 means the site partially met the criteria, and a 1 means the criteria is not met.
- Narrowed the list to the top four most promising sites.

Site Selection Criteria: Site

Site Considerations	3	2	1
Capacity for recommended building program	Site can accommodate full recommended program and support spaces to meet planner needs and operate efficiently	Site may require minor modification to building program that may minimally effect marketability and operation	Site requires major modifications to building program that may affect marketability and operation
Pleasant/Authentic Surrounding Area and Views	Feels and looks like you are in wine country	Pleasant surroundings but lacks wine country feel	Unpleasant surroundings and non-distinct feel. Could be in any city.
Potential for future expansion	Site has surplus land that can be reserved for expansion of venue	Site has neighboring land uses that can be displaced for expansion	Site cannot be expanded in future
Ability to assemble site	Site is owned or easily acquired and is properly zoned for use	Site is not owned and acquisition may be difficult	Site acquisition more difficult due to multiple owners or difficult negotiations
Proximate to existing/planned lodging	Adjacent lodging has been developed or is in the planning stages	There is no adjacent lodging under development, but is part of future master plan	There is no adjacent lodging under development, planned, or part of future master plan
Proximate to retail/dining amenities	Site is within walking distance existing or future dining and shopping locations	Site is within short drive of retail and dining amenities	Site is greater than 5 miles from retail and dining amenities
Proximate to demand generators	Site is adjacent to multiple corporations /businesses likely to use venue	Site is within short drive of corporations /businesses likely to use venue	Site is greater than 5 miles from corporations /businesses likely to use venue
Infrastructure in place or planned	Site has city infrastructure in place or planned	Site has some infrastructure improvements required	Site requires installation of all City infrastructure

Site Selection Criteria: Urban Impact



Urban Impact	3	2	1
Potential for additional hotel development	Several surrounding sites available for future additional hotel development	Some surrounding sites may be suitable for future additional hotel development	No site currently available or appropriate for additional hotel development
Potential for compatible development	Several surrounding sites could be developed for compatible corporate or visitor-related uses	Some surrounding sites could be developed for compatible corporate or visitor-related uses	No surrounding sites could be developed for compatible corporate or visitor-related uses
Compliance with existing zoning	Site is currently vacant and has no planned development	Site is currently vacant but has planned development	Site is currently used for other purpose
Displacement of existing uses	Intended use of site would not cause conflict with owners of surrounding land	Intended use of site could occasionally cause conflict with owners of surrounding land	Intended use of site would regularly cause conflict with owners of surrounding land
Compatibility with neighboring land uses	All adjacent neighborhoods offer a safe environment for pedestrians	Most adjacent neighborhoods offer a safe environment for pedestrians. Some areas should be avoided.	Adjacent neighborhoods do not offer a safe environment for pedestrians.
Surrounding neighborhood safety	Site has proper zoning for intended uses.	Site needs to be rezoned, but process should be relatively easy.	Site needs to be rezoned and process may be problematic.

Site Selection Criteria: Access



Access Considerations	3	2	1
Ease of access for drive-in	Site is conveniently located by major roadways for easy vehicle access	Site does not have direct access from major roadways. Attendees would use secondary streets to access site.	Site is in locations which is difficult to access by vehicle
Ease of access for pedestrians	Site has pedestrian-friendly routes from multiple lodging and/or parking areas.	Site can be accessed by pedestrians but routes are not ideal	Access to site is not suitable for pedestrians
Ease of access for service vehicles	Site is easily accessed by trucks and other vehicles necessary for event production	Site has moderately easily access for trucks and other vehicles necessary for event production	Site is difficult to access by trucks and other vehicles necessary for event production
Availability of existing parking	Existing and planned proximate parking is adequate to handle all event parking needs	Existing proximate parking is adequate to handle smaller events. Additional parking required for larger events	Existing proximate parking is minimal. Significant additional parking would be needed for all events
Access to public transportation	Site is near existing public transportation stops.	Site is not currently near public transportation stops but there are plans for the future.	There are currently no plans for future public transportation at or near the site.
Potential for traffic congestion	Roads to site have no current traffic congestion issues	Roads to site have occasional traffic congestion issues	Roads to site have daily traffic congestion issues
Proximity to Airports (SFO, OAK, STS)	Site is within 1 hour of an airport.	Site is outside one hour travel time from an airport	Site is accessible only via more than one transportation mode (for cost-conscious travelers)
Proximity to SMART Train Stop	Site is an easy (less than 10 minute) walk from a SMART train stop	Site is near a SMART train stop, but requires a short (less than 15 minute) drive.	Site is not easily accessible from a SMART train stop.

Site Matrix Criteria: Financial



Financial Considerations	3	2	1
Land assembly costs	Site is owned or otherwise available without purchase	Parcels for site can be purchased for a reasonable price	Parcels for site can be purchased for a higher price
Potential for City funding	Site qualifies for City funding	Site may qualify for city funding	Site does not qualify for City funding
Cost of construction	Site has minimal elements that would increase costs of construction	Site has some elements that would increase costs of construction	Site has several elements that would increase costs of construction
Potential for private investment	Use of site has high potential for private investment	Use of site has moderate potential for private investment	Use of site has no potential for private investment
Opportunity costs - alternative land uses	Intended use of site is the highest and best use of the land	Site has other potential uses which have similar returns as intended use	Site has other potential uses which have a higher return than intended use

Unweighted

Site Scores

Criteria		Weight ²	Round Barn	Santa Rosa Mall	Shiloh Lot	Sonoma County Fairgrounds	State Farm	Airport Site	Petaluma Fairgrounds
Site	Capacity for recommended building program	5	2	3	3	3	2	3	3
	Pleasant/ Authentic Surrounding Area and Views	2	3	2	1	1	2	1	1
	Potential for future expansion	3	1	3	3	1	1	3	3
	Ability to assemble site	5	2	2	3	3	3	2	2
	Proximate to existing/planned lodging	5	3	3	1	2	2	1	1
	Proximate to retail/dining amenities	4	2	3	2	2	3	2	2
	Proximate to demand generators	4	1	3	1	2	3	1	1
	Infrastructure in place or planned	3	3	3	2	2	3	2	2
Sub-Total Site Considerations			17	22	16	16	19	15	15
Urban	Potential for additional hotel development	4	3	3	2	2	3	3	2
	Potential for compatible development	4	2	3	2	2	2	2	2
	Compliance with existing zoning	2	2	2	2	2	2	2	2
	Displacement of existing uses	2	2	2	3	3	2	3	3
	Compatibility with neighboring land uses	3	2	3	1	2	3	1	2
	Surrounding neighborhood safety	3	3	2	3	2	2	3	2
Sub-Total Urban Impact			14	15	13	13	14	14	13
Access	Ease of access for drive-in	4	3	3	2	3	3	3	3
	Ease of access for pedestrians	2	2	3	1	2	3	1	2
	Ease of access for service vehicles	3	3	2	2	3	2	3	3
	Availability of existing parking	4	3	3	1	2	1	1	2
	Access to public transportation	2	2	3	2	2	3	2	2
	Potential for traffic congestion	3	2	1	2	1	2	2	1
	Proximity to Airports (SFO, OAK, STS)	2	2	2	3	2	2	3	2
	Proximity to SMART Train Stop	2	2	3	2	2	3	3	3
Sub-Total Access			19	20	15	17	19	18	18
Finance	Land assembly costs	3	2	1	2	2	2	2	2
	Potential for City funding	2	2	2	2	2	3	2	2
	Cost of construction	3	3	2	3	2	3	3	2
	Potential for private investment	5	2	2	2	2	2	2	2
	Opportunity costs - alternative land uses	3	3	2	2	2	2	2	2
Sub-Total Financial Considerations			12	9	11	10	12	11	10
Total All Criteria			62	66	55	56	64	58	56

Site Scores Weighted by Importance of Criteria

HVS

Weighted Scores ³	MAX	Round Barn	Santa Rosa Mall	Shiloh Lot	Sonoma County Fairgrounds	State Farm	Airport Site	Petaluma Fairgrounds
Site	93	65	86	64	67	75	59	59
Urban	39	30	37	25	28	33	29	28
Access	66	55	55	40	48	50	49	50
Finance	48	38	29	35	32	37	35	32
Total	246	188	207	164	175	195	172	169
<i>Percent of Maximum</i>		76%	84%	67%	71%	79%	70%	69%

- The highest scoring property is the Santa Rosa Mall, followed by the State Farm site in Rohnert Park, and the Round Barn site in north Santa Rosa.
- The Santa Rosa Mall site has the highest potential for the development of a conference center but would require the most effort to develop. The existing mall would have to be acquired, demolished, the site would have to be master planned, and complementary site uses, such as a wine museum and education center, affordable or employee housing, and other retail would need to be developed adjacent to the hotel and conference center.
- The State Farm site has similarly high potential, and the City of Rohnert Park has indicated they are willing to consider developing a convention center in the master plan for the development.
- The Round Barn site is ready to develop today, with planned lodging adjacent and views of the Sonoma Valley. But it lacks the surrounding amenities of the Mall and State Farm sites, as well as the ability to expand.

Hotel Supply and Demand



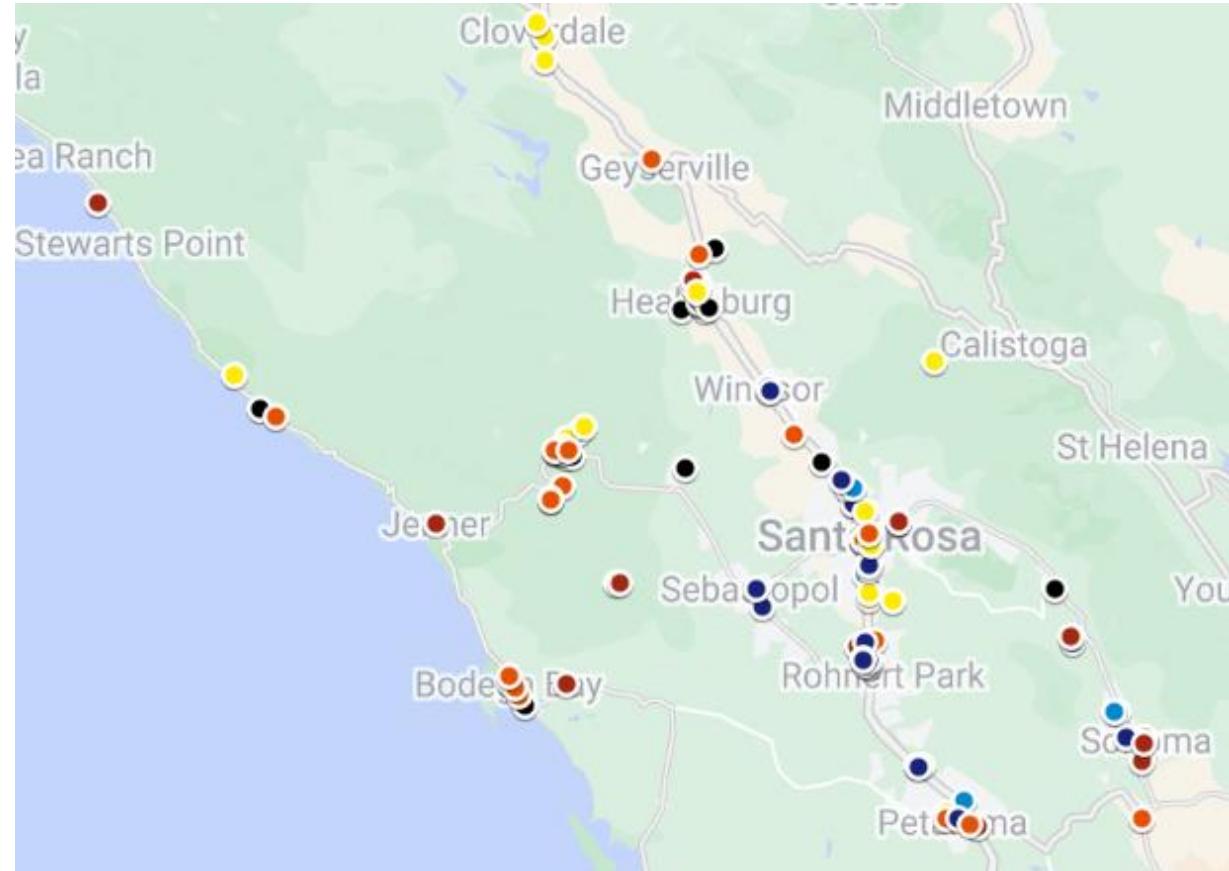
Hotel Supply in Sonoma County

HVS

Santa Rosa contains the largest number of hotels within Sonoma County.

The majority of hotels in Sonoma County are located along the U.S. Highway 101 corridor, which runs through many highly populated areas in the county including Petaluma, Rohnert Park, Santa Rosa, and Healdsburg.

Several hotels in Sonoma County are located along the coast, but these tend to be more upscale and boutique in nature.



- Luxury Class
- Upper Upscale Class
- Upscale Class
- Upper Midscale Class
- Midscale Class
- Economy Class

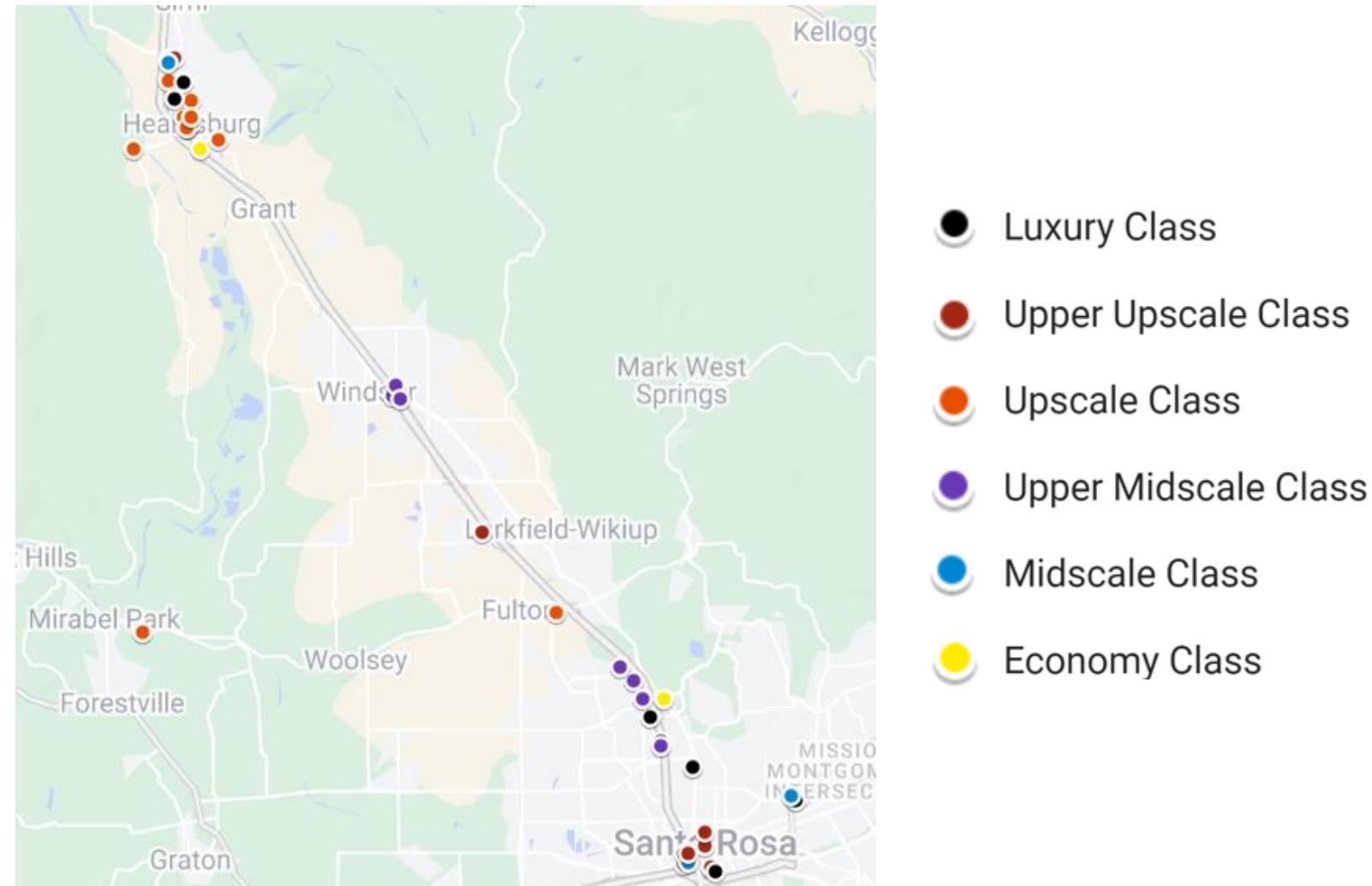
Hotel Supply in Sonoma County– Continued

HVS

This map takes a closer look at the hotel classes in Healdsburg and Santa Rosa.

Santa Rosa contains a healthy mix of hotel types, with various hotels of most classes residing in the city.

Healdsburg is positioned as a high-end destination within Sonoma County. Accordingly, hotels in Healdsburg are primarily upscale and luxury in nature.



The site analysis presented in the previous chapter of this report identified the top three potential development sites for the proposed SCCC and Hotel. Two of the sites are located within Santa Rosa, while the third is located in Rohnert Park. Accordingly, we have ordered two Smith Travel Research (“STR”) Trend Reports of historical supply and demand for hotels in these submarkets.

STR is an independent research firm that compiles and publishes data on the lodging industry, routinely used by hotel investors.

It is important to note some limitations of the STR data. Hotels are occasionally added to or removed from the sample; furthermore, not every property reports data in a consistent and timely manner. These factors can influence the overall quality of the information by skewing the results, and these inconsistencies may also cause the STR data to differ from the results of our competitive survey. Nonetheless, STR data provide the best indication of aggregate growth or decline in existing supply and demand; thus, these trends have been considered in our analysis.

Supply & Demand Analysis



Hotels Included in Sample

Hotels Included in Sample	Class	Number of Rooms	Year Affiliated	Year Opened	Comments
Motel 6 Santa Rosa North	Economy Class	119	Aug 1992	Jan 1900	
Hotel La Rose	Upscale Class	48	Jun 1907	Jun 1907	
Travelodge Santa Rosa Wine Country	Economy Class	31	Jul 2004	Jun 1953	
Best Western Garden Inn	Midscale Class	79	Jun 1957	Jun 1957	
Flamingo Resort	Upper Upscale Class	170	Jun 1957	Jun 1957	
Motel 6 Santa Rosa South	Economy Class	100	Jun 1965	Jun 1965	
The Sandman	Upper Midscale Class	135	Jun 1974	Jun 1974	S/O (Apr '20); R/O (Jul '20)
Holiday Inn Express Hotel Santa Rosa North	Upper Midscale Class	98	May 2021	Nov 1980	S/O (Apr '20); R/O (May '21)
Best Western Plus Wine Country Inn & Suites	Upper Midscale Class	85	Aug 2011	Jan 1984	
Hilton Sonoma Wine Country	Upper Upscale Class	0	Nov 2017	Jun 1984	Permanently Closed as of Oct '17
Vintners Resort	Luxury Class	78	Jul 2020	Jun 1984	
Fountain Grove Inn	Midscale Class	0	Oct 2017	Jun 1986	Permanently Closed as of Oct '17
Courtyard Santa Rosa	Upscale Class	138	Mar 1999	Nov 1989	
Extended Stay America - Santa Rosa - South	Midscale Class	114	Jun 1997	Jun 1997	
Extended Stay America Santa Rosa - North	Midscale Class	94	Jun 2000	Jun 2000	
Quality Inn & Suites Santa Rosa	Midscale Class	61	Jun 2023	Jun 2001	
Hyatt Regency Sonoma Wine Country	Upper Upscale Class	253	Sep 2017	Jul 2002	
Hilton Garden Inn Sonoma County Airport	Upscale Class	90	Jun 2008	Jun 2008	
Hotel E, Santa Rosa	Upscale Class	39	Jul 2019	Jul 2019	
AC Hotel Santa Rosa Sonoma Wine Country	Upscale Class	142	Aug 2020	Aug 2020	
La Quinta Inns & Suites Santa Rosa Sonoma	Upper Midscale Class	100	Sep 2020	Sep 2020	
Hampton Inn & Suites Santa Rosa Sonoma Wine Country	Upper Midscale Class	100	Oct 2022	Oct 2022	
2,074					

Source: STR

Supply & Demand Analysis



New Supply Pipeline

Proposed Hotel Name	Estimated Number of Rooms	Hotel Product Tier	Development Stage	Expected Qtr. & Year of Opening	Address
Petaluma					
Home2 Suites by Hilton Petaluma	140	Upper-Midscale	Recently Opened	Q3 '23	1205 Redwood Way, Petaluma
Proposed Appellation Petaluma	93	Luxury	Early Development	TBD	2 Petaluma Boulevard South, Petaluma
Hampton by Hilton Petaluma Expansion	18	Upper-Midscale	Early Development	TBD	450 Jefferson Street, Petaluma
Rohnert Park					
Proposed Home2 Suites by Hilton	96	Upper-Midscale	Sitework Underway	TBD	6490 Redwood Drive, Rohnert Park
Proposed Holiday Inn Express	93	Upper-Midscale	Approved	TBD	5354 Dowdell Avenue, Rohnert Park
Graton Resort & Casino Expansion	221	Luxury	Early Development	TBD	630 Park Court, Rohnert Park
Proposed Hotel - Phase I	110	TBD	Development on Hold	TBD	107 Golf Course Drive West, Santa Rosa
Proposed Hotel - Phase II	129	TBD	Development on Hold	TBD	107 Golf Course Drive West, Santa Rosa
Cotati					
Proposed Cotati Hotel	153	TBD	Sitework Underway	TBD	Highway 116 and Redwood Highway, Cotati
Sebastopol					
Proposed Hotel Sebastopol	66	Luxury	Building Permits Issued	TBD	6828 Depot Street, Sebastopol
Proposed French Garden Hotel	18	TBD	Early Development	TBD	8050 Bodega Avenue, Sebastopol
Proposed Hotel Barlow	60	Luxury	Canceled	TBD	6780 McKinley Street, Sebastopol
Guerneville					
Proposed The Lodge on Russian River	108	Luxury	Development on Hold	TBD	17155 Highway 116, Guerneville
Santa Rosa					
Proposed Residence Inn by Marriott Santa Rosa North	114	Upscale	Application Pending	TBD	3558 Round Barn Circle, Santa Rosa
Proposed Hyatt Place	165	Upscale	Early Development	TBD	3750 North Laughlin Road, Santa Rosa
Proposed Hilton Sonoma Wine Country Redevelopment	108	Upscale	Early Development	TBD	3555 Round Barn Boulevard, Santa Rosa
Proposed Solstice Sonoma Resort	25	TBD	Early Development	TBD	3886 Old Redwood Highway, Santa Rosa
Proposed Shiloh Resort & Casino	400	TBD	Early Development	TBD	222 East Shiloh Road, Santa Rosa
Proposed Tru by Hilton	101	Midscale	Development on Hold	TBD	195 Aviation Boulevard, Santa Rosa
Windsor					
Proposed Tribute Portfolio	134	Luxury	Development on Hold	TBD	McClellan Drive, Windsor
Proposed Lyton Rancheria Hotel	200	TBD	Due Diligence Period	TBD	Windsor River Road, Windsor
Cloverdale					
Proposed Casino Resort	244	TBD	Development on Hold	TBD	Highway 101, Cloverdale
Healdsburg					
Proposed Appellation Healdsburg	108	Luxury	Under Construction	Q1 '25	16977 Healdsburg Avenue, Healdsburg
Proposed NuForest Mill Hotel	53	Luxury	Early Development	TBD	227 Healdsburg Avenue, Healdsburg
Proposed 400 Healdsburg Avenue Boutique Hotel	16	TBD	Early Development	TBD	400 Healdsburg Avenue, Healdsburg
Proposed Raven Cinema Redevelopment	TBD	TBD	Early Development	TBD	415 Center Street, Healdsburg
Sonoma					
Proposed Verano Hotel, Tribute Portfolio	120	TBD	Seeking Entitlements	Q1 '25	175 Verano Avenue, Sonoma
Proposed Hanna Center Hotel	115	Luxury	Early Development	TBD	Arnold Drive, Sonoma
Proposed Chateau Sonoma & Spa	62	Luxury	Early Development	TBD	153 West Napa Street, Sonoma
Proposed Cambria Hotel & Suites	TBD	Upscale	Early Development	TBD	TBD, Sonoma
Kenwood					
Proposed Resort at Sonoma County Inn	50	Luxury	Development on Hold	TBD	7945 Highway 12, Kenwood
Glen Ellen					
Proposed Sonoma Development Center Hotel	150	TBD	Early Development	TBD	14500 Arnold Drive, Glen Ellen
Glen Ellen Inn Addition and Renovation	3	Economy	Early Development	TBD	13670 Arnold Drive, Glen Ellen

The new supply pipeline is an indication of the historically strong dynamics of the Sonoma County lodging market. The proposed hotel developments represent a wide array of different types of products.

Along the U.S. Highway 101 commercial corridor between Petaluma and Santa Rosa, the proposed hotel product types primarily consist of limited- and select-service hotels. In more leisure-oriented submarkets such as Healdsburg and Sonoma, proposed hotel development is focused around boutique and resort-style hotels.

There are no large, nationally-branded, full-service hotels that are currently being proposed for development within Sonoma County.

Competitive New Supply

Proposed Property	Number of Rooms	Total	Weighted	Estimated Opening Date	Developer
		Competitive Level	Room Count		
Proposed Sonoma County Convention Center Hotel	250	100 %	250	January 1, 2028	TBD
Proposed Residence Inn by Marriott Santa Rosa North	114	100	114	January 1, 2026	Tharaldson Hospitality
Proposed Hyatt Place	165	100	165	January 1, 2027	Landmark Hotels
Totals/Averages	529		529		

As the defined competitive market is limited to Santa Rosa, we have only considered the hotels proposed for development in this submarket as potentially competitive new supply. The two projects most likely to move forward as of the effective date of this report include a 114-room Residence Inn by Marriott located in the Fountaingrove neighborhood, as well as a 165-room Hyatt Place near the Charles M. Schulz Sonoma County Airport.

Supply & Demand Analysis



Forecast of Market Occupancy

	<i>Historical</i>				<i>Projected</i>						
	2019	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Commercial											
Total Demand	186,508	172,098	173,819	177,295	187,933	201,088	213,154	221,680	228,330	231,755	234,073
Growth Rate		(7.7) %	1.0 %	2.0 %	6.0 %	7.0 %	6.0 %	4.0 %	3.0 %	1.5 %	1.0 %
Leisure											
Total Demand	209,821	270,440	260,974	266,194	282,165	304,739	319,976	332,775	342,758	349,613	353,109
Growth Rate		28.9 %	(3.5) %	2.0 %	6.0 %	8.0 %	5.0 %	4.0 %	3.0 %	2.0 %	1.0 %
Meeting and Group											
Total Demand	69,940	49,171	51,138	54,206	58,542	65,568	96,303	107,043	116,363	123,231	125,085
Growth Rate		(29.7) %	4.0 %	6.0 %	8.0 %	12.0 %	46.9 %	11.2 %	8.7 %	5.9 %	1.5 %
Totals											
Base Demand	466,270	491,709	485,931	497,695	528,641	571,395	608,532	637,397	660,252	674,098	681,767
Induced Demand			0	0	0	0	20,900	24,100	27,200	30,500	30,500
Total Demand	466,270	491,709	485,931	497,695	528,641	571,395	629,432	661,498	687,452	704,599	712,267
Overall Demand Growth											
Market Mix											
Commercial	40.0 %	35.0 %	35.8 %	35.6 %	35.6 %	35.2 %	33.9 %	33.5 %	33.2 %	32.9 %	32.9 %
Leisure	45.0	55.0	53.7	53.5	53.4	53.3	50.8	50.3	49.9	49.6	49.6
Meeting and Group	15.0	10.0	10.5	10.9	11.1	11.5	15.3	16.2	16.9	17.5	17.6
Existing Hotel Supply											
Proposed Hotels											
Proposed Sonoma County Convention Center Hotel ¹							250	250	250	250	250
Proposed Residence Inn by Marriott Santa Rosa North ²					114	114	114	114	114	114	114
Proposed Hyatt Place ³					165	165	165	165	165	165	165
Available Room Nights per Year											
Nights per Year	632,180	757,010	757,010	757,010	798,620	858,845	950,095	950,095	950,095	950,095	950,095
Total Supply	365	365	365	365	365	365	365	365	365	365	365
Rooms Supply Growth	1,732	2,074	2,074	2,074	2,188	2,353	2,603	2,603	2,603	2,603	2,603
Marketwide Occupancy											
Marketwide Occupancy	73.8 %	65.0 %	64.2 %	65.7 %	66.2 %	66.5 %	66.2 %	69.6 %	72.4 %	74.2 %	75.0 %

¹ Opening in January 2028 of the 100% competitive, 250-room Proposed Sonoma County Convention Center Hotel

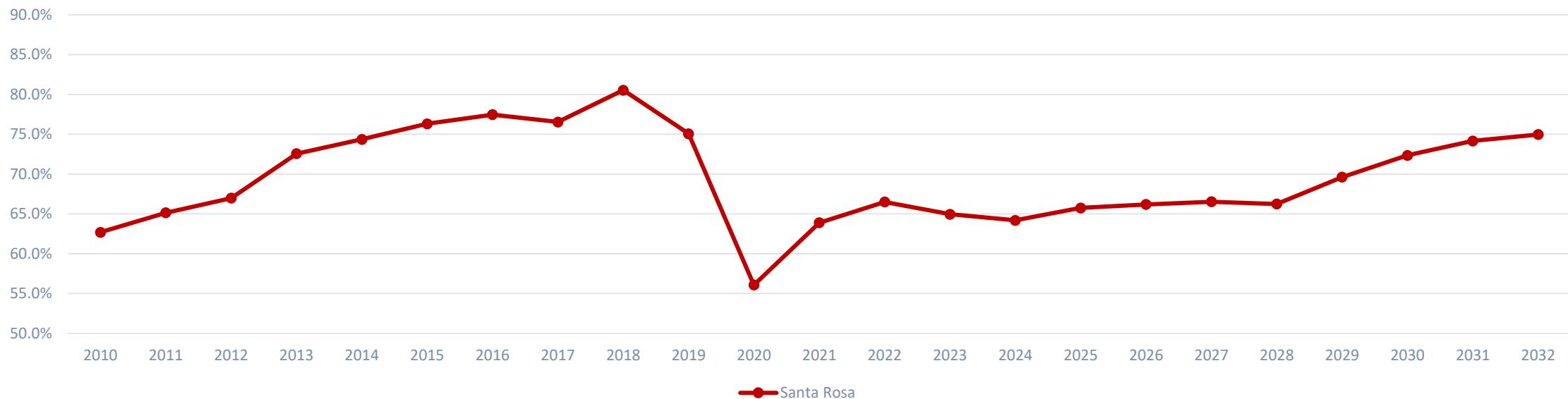
² Opening in January 2026 of the 100% competitive, 114-room Proposed Residence Inn by Marriott Santa Rosa North

³ Opening in January 2027 of the 100% competitive, 165-room Proposed Hyatt Place

Market Occupancy Forecast Methodology

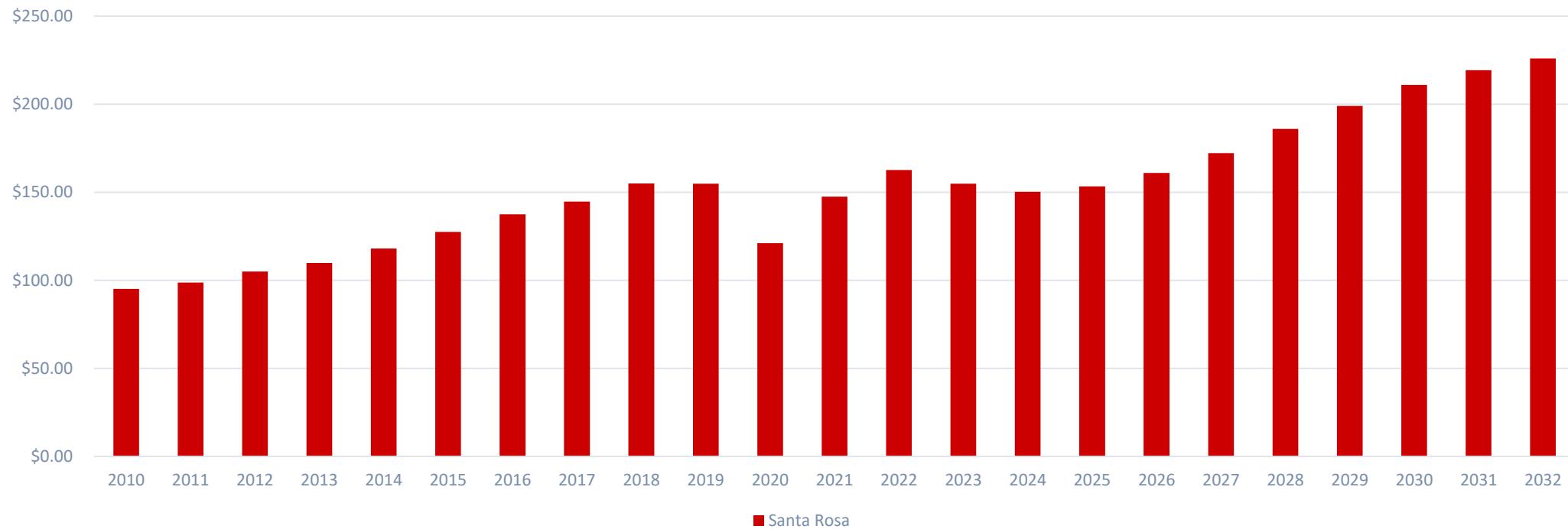
- We have identified three major segments for this market (commercial, leisure, meeting/group) and estimated the 2023 distribution of accommodated-room-night demand based on our fieldwork, area analysis, and knowledge of the local lodging market.
- Based upon a review of the market dynamics in the competitive environment, we then forecasted growth rates for each market segment. Using the calculated potential demand for the market, we determined market-wide accommodated demand based on the inherent limitations of demand fluctuations and other factors in the market area.
- Our analysis also considers induced demand, which represents the additional room nights that are expected to be attracted to the market following the introduction of a new major demand generator, in this case the proposed convention center. The amount of induced demand the convention center is expected to generate corresponds with the HVS CS&E analysis.
- Based on historical occupancy levels in this market, and taking into consideration typical supply and demand cyclicalities, market occupancy is forecast to stabilize around 75.0%, which was the average occupancy level achieved between 2012 and 2019.

Historical and Forecast of Market Occupancy



Year-to-date trends indicate an initial decline in occupancy for the Santa Rosa submarket. In addition, the entrance of new supply over the next several years is expected to lengthen the ongoing recovery. The SCCC and Hotel are assumed to open in 2028; market occupancy is projected to be somewhat impacted given the relatively large size of the proposed hotel. However, the SCCC is ultimately expected to induce new meeting/group demand to the market. We have projected market-wide occupancy to stabilize in 2032, five years after the opening of the SCCC and Hotel.

Historical and Forecast of Market Average Daily Rate (“ADR”)



Following a normalization in 2023, average rates for this competitive market are expected to improve through the stabilized year; rate growth between 2024 and 2032 is projected to average 4.3% annually, in line with the historical CAGR. The projected recovery related to the market's ADR growth in our forecast is based upon the expectation that Sonoma County remains a popular drive-to destination for the San Francisco Bay Area.

Convention Center Demand Projections



We based event demand projections at the Sonoma County Convention Center (“SCCC”) on the following research and analysis:

- The program recommendations presented previously,
- Industry data and trends reports,
- Key market and economic indicators,
- Comparable venue program and demand data, and
- A survey of event planners that have previously contacted Sonoma County Tourism about hosting events.

In developing the demand projections, We assume that all recommendations throughout this report will be completed by January 1, 2028. Event demand would stabilize in the fourth year of operation—2031. This date is a placeholder because the opening dates will vary based on which site is chosen for development. The timeline will be updated as the site selection process progresses. Demand projections also assume the presence of a highly qualified, professional sales and management team for the proposed SCCC.

Event Demand Projections

Our SCCC demand projections assume the addition of a 250-room full-service hotel, opening on January 1, 2028. Event demand would ramp up following the completion of the development and stabilize in 2031. See the figure below.

Event Type	Events		Average Attendance		Total Attendance	
	Opening 2028	Stabilized 2031	Opening 2028	Stabilized 2031	Opening 2028	Stabilized 2031
Conventions/ Conferences	35	50	325	325	11,400	16,300
Consumer Shows	5	10	750	750	3,800	7,500
Meetings	100	150	150	150	15,000	22,500
Banquets	80	120	275	275	22,000	33,000
Assemblies	10	15	800	800	8,000	12,000
Total	230	345			60,200	91,300

Comparable Event Demand Analysis



To test the reasonableness of the demand projections, We compared the demand at the SCCC to five existing comparable venues nationwide that are located in similar market and facilities to the proposed SCCC. But, there are differences in types of function space and hotel adjacency that affect demand at each venue.

Events	Venue 1	Venue 2	Venue 3	Venue 4	Venue 5	Set Average	SCCC (Stabilized Year)
Conventions & Conferences	62	57	8	15	26	42	50
Consumer Shows	12	6	22	29	38	13	10
Meetings	92	485	206	90	31	261	150
Banquets	121	86	35	49	25	80	120
Assemblies	28	8	51	0	44	29	15
Total	314	641	322	183	164	425	345

Meetings and banquets are the most common event types among the comparable set. Based on event planner surveys, the proposed venue should have more meeting and banquet events than the comparable set average. Meetings appear lower than the comparable set due to the Venue 2, which is located in a state capital and draws a lot of demand from local meetings with legislators. Venues 4 and 5 have dedicated exhibit halls, which are primarily used to host consumer shows.

Comparable Attendance Demand Analysis

HVS

Attendees	Venue 1	Venue 2	Venue 3	Venue 4	Venue 5	Set Average	SCCC (Stabilized Year)
Conventions & Conferences	31,534	13,875	5,880	7,810	13,078	14,435	16,300
Consumer Shows	6,752	8,513	36,150	33,120	29,602	22,827	7,500
Meetings	25,475	20,750	28,517	23,899	7,316	21,191	22,500
Banquets	42,820	19,187	11,040	20,490	8,150	20,337	33,000
Assemblies	3,104	16,442	8,853	0	17,468	9,173	12,000
Total	109,684	78,767	90,440	85,319	75,614	87,965	91,300

The SCCC would host slightly more total attendees than the average of the comparable event set due to the high number of banquet attendees, relative to the set. Banquet attendance varies among the set, and the SCCC is closer to the larger end of the spectrum due to the high demand for ballroom space in Sonoma County. Consumer show attendance is closer to venues 1 and 2 than the others in the set due to the limited demand for flat floor shows in Sonoma County. Convention and conference and meetings are in line with the average of the comparable set.

Comparable Average Attendance Demand Analysis

HVS

Average Attendees	Venue 1	Venue 2	Venue 3	Venue 4	Venue 5	Set Average	SCCC (Stabilized Year)
Conventions & Conferences	509	243	735	521	503	502	325
Consumer Shows	563	1,548	1,643	1,142	779	1,135	750
Meetings	278	43	138	266	236	192	150
Banquets	355	224	315	418	326	328	275
Assemblies	113	1,993	174	0	397	535	800

Convention and conference attendance is lower than the average set due to the lack of hotel rooms and proximate hotel rooms to the proposed SCCC, as well as a lack of demand for larger events. Venue 2 offers approximately 200 rooms attached to the facility, the proposed SCCC will offer a 250-room property adjacent, which allows for higher attendance per event. Consumer show size is dictated by the size of the largest event space in the facility. Meeting and banquet attendance is below the set average slightly due to the lack of other meeting space in Sonoma County, meaning meetings and banquets of all size would use the proposed SCCC.

Room Night Parameters

HVS calculated the potential generation of room nights by the proposed SCCC. These room nights represent new, induced demand into Sonoma County as a direct result of the development of the SCCC. The following figure presents the assumptions used to generate room night estimates after the development. These assumptions are based on the operation of similar facilities.

Event Type	Occupied Room Nights Parameters					
	Percent Lodgers		Length of Stay		Lodgers per Room	
	Opening 2028	Stabilized 2031	Opening 2028	Stabilized 2031	Opening 2028	Stabilized 2031
Conventions/ Conferences	60%	60%	2.5	2.5	1.25	1.25
Consumer Shows	5%	5%	1.5	1.5	1.25	1.25
Meetings	33%	33%	1.5	1.5	1.25	1.25
Banquets	5%	5%	1.0	1.0	1.25	1.25
Assemblies	5%	5%	1.0	1.0	1.25	1.25

Demand Projections



	Opening		Stabilized	
	2028	2029	2030	2031
Events				
Conventions/ Conferences	35	40	45	50
Consumer Shows	5	6	8	10
Meetings	100	120	135	150
Banquets	80	90	105	120
Assemblies	10	12	14	15
Total	230	268	307	345
Attendees				
Conventions/ Conferences	11,400	13,000	14,600	16,300
Consumer Shows	3,800	4,500	6,000	7,500
Meetings	15,000	18,000	20,300	22,500
Banquets	22,000	24,800	28,900	33,000
Assemblies	8,000	9,600	11,200	12,000
Total	60,200	69,900	81,000	91,300
Occupied Room Nights				
Conventions/ Conferences	13,700	15,700	17,600	19,600
Consumer Shows	200	300	400	500
Meetings	5,900	7,100	8,000	8,900
Banquets	900	1,000	1,100	1,300
Assemblies	300	400	500	500
Total	21,000	24,500	27,600	30,800

Convention Center Financial Projections



Introduction to Financial Analysis



The conference center industry does not use a standardized set of accounts to report financial performance. Financial statements from different conference centers organize revenues and expenses differently. However, a few major revenue and expense categories are common to most convention facilities.

HVS developed a proprietary financial operating model that organizes financial operations according to these primary revenue and expense categories. The financial operating model quantifies the key variables and operating ratios that determine revenue potential and expense levels. Unless otherwise indicated, the model assumes an annual inflation rate of 3% applies to both revenues and expenses.

HVS intends for financial projections to show the expected levels of revenues and expenses. Projections show smooth growth over time. However, event demand and booking cycles are not always smooth. Unpredictable local and national economic factors can affect business. Event demand is often cyclical, based on rotation patterns and market conditions. Therefore, HVS recommends interpreting the financial projections as a mid-point of a range of possible outcomes and over a multi-year period rather than relying on projections for any one specific year.

Revenue Parameters

Operating revenue line items include facility rental, food and beverage sales, event services, and audio-visual revenues. HVS uses a series of revenue parameters based on attendance, events, and event days.

To formulate the revenue parameters, HVS relied on industry information, knowledge of the performance of comparable venues, and information on price levels from local area sources. We adjusted the parameters for inflation and other anticipated trends in price levels.

Revenue Line Item and Demand Source	Revenue Estimation Unit	Amount per Unit
Food and Beverage Conventions/ Conferences Consumer Shows Meetings Banquets Assemblies	Attendee	\$60.00
	Attendee	5.00
	Attendee	25.00
	Attendee	70.00
	Attendee	5.00
Facility Rental Conventions/ Conferences Consumer Shows Meetings Banquets Assemblies	Event	\$3,750
	Event	3,000
	Event	750
	Event	2,500
	Event	2,500
Event Services Conventions/ Conferences Consumer Shows Meetings Banquets Assemblies	Event Days	\$4,000
	Event Days	750
	Event Days	1,000
	Event Days	3,500
	Event Days	750
Audio Visual Conventions/ Conferences Consumer Shows Meetings Banquets Assemblies	Event	\$4,500
	Event	1,750
	Event	750
	Event	3,500
	Event	2,000

Facility Rental—Facility rental revenue includes the revenue the proposed conference center receives from clients that reserve one or more function areas in the facility. Average rates by event type reflect blended rates that include discounted rental rates or waived rental rates. Some facilities offer discounted rates during non-peak seasons for rentals by affiliated or non-profit organizations. The proposed conference center and adjoining hotel operation may opt to waive space rental fees in order to book an event that has a high impact on room nights or food and beverage spending. Ballroom rental rates are typically different from those for meeting spaces and exhibit halls.

Food and Beverage—Most events that use the conference center's function spaces will also arrange food service for their attendees during events. This food service includes catering, which can range from coffee breaks associated with a meeting to a full dinner associated with a conference or banquet. Most conventions and conferences generate demand for multiple meals during the course of these multi-day events. Banquets, which generally include a single meal and beverage services, would be the largest driver of food and beverage revenue. HVS projects estimated gross food and beverage revenues on a per attendee basis depending on the type of event.

Event Services—Other event services include the fees charged to tenants for services that could include business services, set-up and take down of function spaces, cleaning services, security services, commissions from decorators and other services provided by third-party contractors at events. Banquets and other upscale events can often require elaborate decorating services. We estimate event services revenues based on the number of event days consistent with industry averages.

Audio Visual—Event technology includes the fees charged to tenants for services that could include audio and video technical assistance, set-up and take down of presentation stages, internet services, electricity and other utilities, and any technological services. Many events require audio, video, communications and internet services, and service charges vary by type of event. Some of these services may be included in the rental charges for using the facility, but others will be add-on service charges.

Comparable Venue Revenue Analysis

HVS

- All revenues are adjusted to 2024 dollars using a CPI based inflator.
- Food and beverage generates the most revenue in all venues.
- Differences in categorization of revenues affect the mix of reported revenues.

	Inflated \$'s (2024)					
	Comp 1	Comp 2	Comp 3	Comp 4	Average of Available Data	Projected SCCC
Per Capita Revenue						
Facility Rental	5.27	13.35	8.36	5.09	8.02	8.23
Food & Beverage (Gross)	45.26	49.01	31.85	24.31	37.61	48.67
Event Services	28.16	12.32	8.41	8.38	14.32	16.13
Other Revenues	3.46	0.09	19.63	0.00	7.73	9.92
Total Operating Revenue	82.15	74.78	43.08	38.80	59.70	82.96
Per Event Revenue						
Facility Rental	1,755	1,834	4,002	2,737	2,582	2,178
Food & Beverage (Gross)	15,061	6,734	7,773	13,625	10,798	12,880
Event Services	9,369	1,693	4,025	4,507	4,898	4,270
Other Revenues	1,151	13	9,396	0	3,520	2,626
Total Operating Revenue	27,336	10,274	20,622	20,869	19,775	21,953
Ratio to Total Sales - Revenue						
Facility Rental	6%	18%	19%	13%	14%	10%
Food & Beverage (Gross)	55%	66%	63%	65%	62%	59%
Event Services	34%	16%	20%	22%	23%	19%
Other Revenues	4%	0%	46%	0%	17%	12%

Salaries & Benefits—HVS estimated the staffing level, salaries, and associated benefits for permanent full- and part-time employees dedicated to administration, marketing, building operations, and other functions.

Food & Beverage Costs—The food and beverage operation would be operated by an in-house food service operator or through an attached hotel. Costs of food service include the raw costs of food and beverages sold as well as the labor associated with food preparation and service. HVS used historical margins based on total food and beverage revenue as the basis for these costs.

Contractual Services—and event services costs are the costs incurred by the facility for client reimbursed expenses such as audio-visual set-up, security, cleaning, and event set-up. HVS estimated event services costs as a percentage of gross event services based on industry averages.

Administrative & General—Office and administrative operations incur day-to-day facility expenses. Such expenses typically include travel, telephone, printing, permits, and other miscellaneous professional services.

Operating Expenses (Continued)

Marketing & Sales—This category includes costs associated with the promotion and marketing of the proposed conference center. These costs may include travel and entertainment expenses and the costs of producing marketing materials. HVS assumes marketing efforts would be divided between proposed conference center staff and a CVB or DMO, such as Sonoma County Tourism. However, the exact distribution of marketing and sales responsibilities can drastically alter this expense line.

Repair & Maintenance—This category includes both routine and one-time facility maintenance expenses that are primarily the responsibility of in-house facility operations personnel. It also includes more specialized activities, such as HVAC system maintenance, electrical work, and maintenance of other mechanical systems, often contracted out to third parties.

Supplies & Equipment—This category includes items such as computers, office machines, furniture, consumables, and chemicals that are required to support and maintain the operations of the facility.

Utilities—including electricity, gas, water, and other charges often represent one of the largest expenses incurred by facility operators.

Insurance—costs include property insurance and other liability insurance required for facility operations.

Reserve for Replacement—we recommend the establishment of a capital maintenance reserve fund to be used for major repairs, equipment replacement, and other updates to the facility.

Non-Operating Expenses



These expenses are not generated for reasons unrelated to the core operation of the facility

Management Fees—HVS assumes that a third-party venue management company will operate the facility. The actual amount of fees paid to the management company will depend on the management agreement negotiated. HVS has assumed an industry standard of 2.5% of total revenue when the facility generates positive net operating revenue.

Reserve for Replacement—we recommend the establishment of a capital maintenance reserve fund to be used for major repairs, equipment replacement, and other updates to the facility.

Expense Parameters



HVS estimated operating expenses as a blend of fixed costs and variable percentage of operating revenues, as summarized in the figure below. HVS based these fixed and variable assumptions on multiple years of comparable revenue and expense data and other industry standards.

Line Item	Estimation Method	Unit	Amount Per Unit		Fixed %
			Opening	Stabilized	
Operating Expense					
Salaries & Benefits	Fixed Amount		\$2,358,750	\$2,358,750	100%
Food & Beverage Costs	Ratio to Sales	Food and Beverage	35.00%	35.00%	10%
Contractual Services	Ratio to Sales	Event Services	65.00%	65.00%	15%
Administrative & General	Ratio to Sales	Total Revenue	5.00%	5.00%	50%
Marketing & Sales	Ratio to Sales	Total Revenue	3.00%	3.00%	50%
Repair & Maintenance	Ratio to Sales	Total Revenue	4.00%	4.00%	20%
Supplies & Equipment	Ratio to Sales	Total Revenue	5.50%	5.50%	0%
Utilities	Ratio to Sales	Total Revenue	3.50%	3.50%	0%
Insurance	Unit	Attendee	\$3.00	\$3.00	0%
Non-Operating Expense					
Management Fees	Ratio to Sales	Total Revenue	2.50%	2.50%	0%
Capital Maintenance Reserve	Ratio to Sales	Total Revenue	4.00%	4.00%	0%

Proposed Staffing Schedule

Based on the operation of comparable facilities, HVS compiled a potential staffing plan for the proposed convention center. This staffing schedule should serve as a benchmark for potential total salaries and benefits in order to operate the convention center effectively. Actual staffing, salaries, and benefits level may vary.

The schedule includes both full-time and part-time positions. Full-time positions would be eligible for benefits as well as their salary, which HVS has estimated to be 25% of the total salary. Salaries shown are in 2024 dollars.

Position	Number	Salary	Total Salary
Part Time Positions			
Custodians/Housekeeping	6	40,000	240,000
Catering and Food Service	10	40,000	400,000
Total Part Time			640,000
Full Time Positions			
ADMINISTRATION/FINANCE			
General Manager	1	150,000	150,000
Administrative Assistant	2	60,000	120,000
Finance Manager	1	120,000	120,000
SALES & MARKETING			
Director of Event Sales & Service	1	90,000	90,000
Senior Sales Manager	1	85,000	85,000
Sales/Event Coordinator	3	60,000	180,000
EVENT SERVICES			
Director of Event Services	1	80,000	80,000
BUILDING OPERATIONS			
Director of Operations	1	70,000	70,000
Operations/Event Set-up	3	60,000	180,000
Event Manager	3	60,000	180,000
Audio/Visual Technician	1	75,000	75,000
KITCHEN			
Head Chef	1	80,000	80,000
Sous Chef	1	60,000	60,000
Line Cook	3	45,000	135,000
Total			1,605,000
Benefits			401,250
Total Full Time			2,006,250
Total Salaries and Benefits			2,646,250

Pro Forma – (Inflated \$000's)

	Opening Year		Stabilized Year	
	CY 2028		CY 2031	
	Amount	% Total	Amount	% Total
Revenue				
Food and Beverage	\$3,367	59%	\$5,465	59%
Facility Rental	565	10%	924	10%
Event Services	1,127	20%	1,812	19%
Audio Visual	686	12%	1,114	12%
Total Revenue	\$5,745	100%	\$9,315	100%
Operating Expense				
Salaries & Benefits	\$2,988	52%	\$3,265	35%
Food & Beverage Costs	1,178	21%	1,913	21%
Contractual Services	733	13%	1,178	13%
Administrative & General	287	5%	466	5%
Marketing & Sales	215	4%	279	3%
Repair & Maintenance	218	4%	373	4%
Supplies & Equipment	284	5%	512	6%
Utilities	201	4%	326	4%
Insurance	229	4%	379	4%
Total Operating Expense	\$6,335	110%	\$8,691	93%
NET OPERATING INCOME (LOSS)	(\$589)	-10%	\$624	7%
Non-Operating Expense				
Management Fees	144	3%	233	3%
Capital Maintenance Reserve	0	0%	373	4%
Total Non-Operating Expense	\$144	3%	\$605	7%
Net Income (Loss)	(\$733)	-13%	\$19	0%

10 Year Pro Forma – (Inflated \$000's)



	Opening 2028	2029	2030	Stabilized 2031	2032	2033	2034	2035	2036	2037
Revenue										
Food and Beverage	\$3,367	\$3,962	\$4,694	\$5,465	\$5,629	\$5,798	\$5,972	\$6,151	\$6,335	\$6,525
Facility Rental	565	669	795	924	952	980	1,010	1,040	1,071	1,103
Event Services	1,127	1,335	1,567	1,812	1,866	1,922	1,980	2,039	2,100	2,163
Audio Visual	686	808	959	1,114	1,148	1,182	1,218	1,254	1,292	1,331
Total Revenue	\$5,745	\$6,774	\$8,014	\$9,315	\$9,594	\$9,882	\$10,179	\$10,484	\$10,798	\$11,122
Operating Expense										
Salaries & Benefits	\$2,988	\$3,078	\$3,170	\$3,265	\$3,363	\$3,464	\$3,568	\$3,675	\$3,785	\$3,899
Food & Beverage Costs	1,178	1,428	1,664	1,913	1,970	2,029	2,090	2,153	2,217	2,284
Contractual Services	733	904	1,037	1,178	1,213	1,249	1,287	1,325	1,365	1,406
Administrative & General	287	331	426	466	480	494	509	524	540	556
Marketing & Sales	215	233	256	279	288	296	305	315	324	334
Repair & Maintenance	218	244	329	373	384	395	407	419	432	445
Supplies & Equipment	284	317	397	512	528	544	560	577	594	612
Utilities	201	225	281	326	336	346	356	367	378	389
Insurance	229	260	327	379	391	402	414	427	440	453
Total Operating Expense	\$6,335	\$7,020	\$7,887	\$8,691	\$8,951	\$9,220	\$9,496	\$9,781	\$10,075	\$10,377
NET OPERATING INCOME (LOSS)	(\$589)	(\$245)	\$128	\$624	\$643	\$662	\$682	\$703	\$724	\$745
Non-Operating Expense										
Management Fees	144	169	200	233	240	247	254	262	270	278
Capital Maintenance Reserve	0	0	160	373	384	395	407	419	432	445
Total Non-Operating Expense	\$144	\$169	\$361	\$605	\$624	\$642	\$662	\$681	\$702	\$723
Net Income (Loss)	(\$733)	(\$415)	(\$233)	\$19	\$19	\$20	\$21	\$21	\$22	\$22

Hotel Financial Projections



Assumed Hotel Programming



HVS has developed preliminary recommendations for a full-service hotel adjacent to the convention center. Given the extensive offering of restaurants in Downtown Santa Rosa and the nearby Historic Railroad Square District, the onsite F&B offerings are relatively modest. The hotel is expected to offer typical amenities for a full-service hotel and appropriate for this Sonoma County submarket.

While the hotel's meeting space is relatively small compared to the two large full-service hotels in the market (Hyatt Regency in Santa Rosa and DoubleTree by Hilton in Rohnert Park), the hotel is expected to have access to and manage the adjacent convention center.

Guestroom Configuration	Number of Units
Standard	240
Suite	10
Total	250
Food & Beverage Facilities	
Three-Meal Restaurant	
Lobby Lounge/Café/Grab & Go	
Rooftop Restaurant	
Indoor Meeting & Banquet Facilities	
Square Footage	
Ballroom	5,000
Meeting Space	2,600
Board Room	400
Total	8,000
Amenities & Services	
Outdoor Swimming Pool	Business Center
Outdoor Whirlpool	Gift Shop
Fitness Center	
Infrastructure	
Parking Spaces	TBD *
Elevators	TBD
Life-Safety Systems	Sprinklers, Smoke Detectors
Construction Details	Steel, Reinforced Concrete

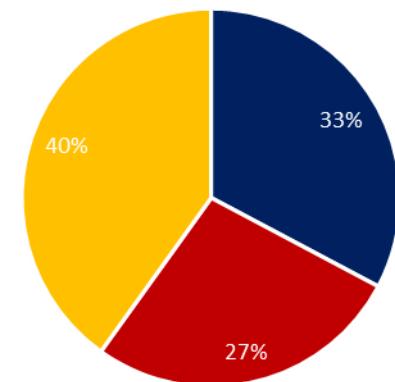
**638 parking spaces available in the 3-story parking garage*

Forecast of Subject Hotel's Occupancy

HVS

Market Segment	2028	2029	2030	2031	2032
Commercial					
Demand	213,154	221,680	228,330	231,755	234,073
Market Share	8.8 %	9.9 %	10.2 %	10.2 %	10.2 %
Capture	18,792	21,867	23,308	23,658	23,894
Penetration	92 %	103 %	106 %	106 %	106 %
Leisure					
Demand	319,976	332,775	342,758	349,613	353,109
Market Share	7.7 %	6.4 %	5.8 %	5.7 %	5.7 %
Capture	24,633	21,342	19,734	19,799	19,997
Penetration	80 %	67 %	60 %	59 %	59 %
Meeting and Group					
Demand	96,303	107,043	116,363	123,231	125,085
Market Share	17.5 %	21.0 %	22.6 %	23.3 %	23.3 %
Capture	16,877	22,465	26,311	28,719	29,151
Penetration	182 %	219 %	235 %	243 %	243 %
Total Room Nights Captured	60,302	65,674	69,354	72,175	73,042
Available Room Nights	91,250	91,250	91,250	91,250	91,250
Subject Occupancy	66 %	72 %	76 %	79 %	80 %
Market-wide Available Room Nights	950,095	950,095	950,095	950,095	950,095
Fair Share	10 %				
Market-wide Occupied Room Nights	629,432	661,498	687,452	704,599	712,267
Market Share	10 %				
Market-wide Occupancy	66 %	70 %	72 %	74 %	75 %
Total Penetration	100 %	103 %	105 %	107 %	107 %

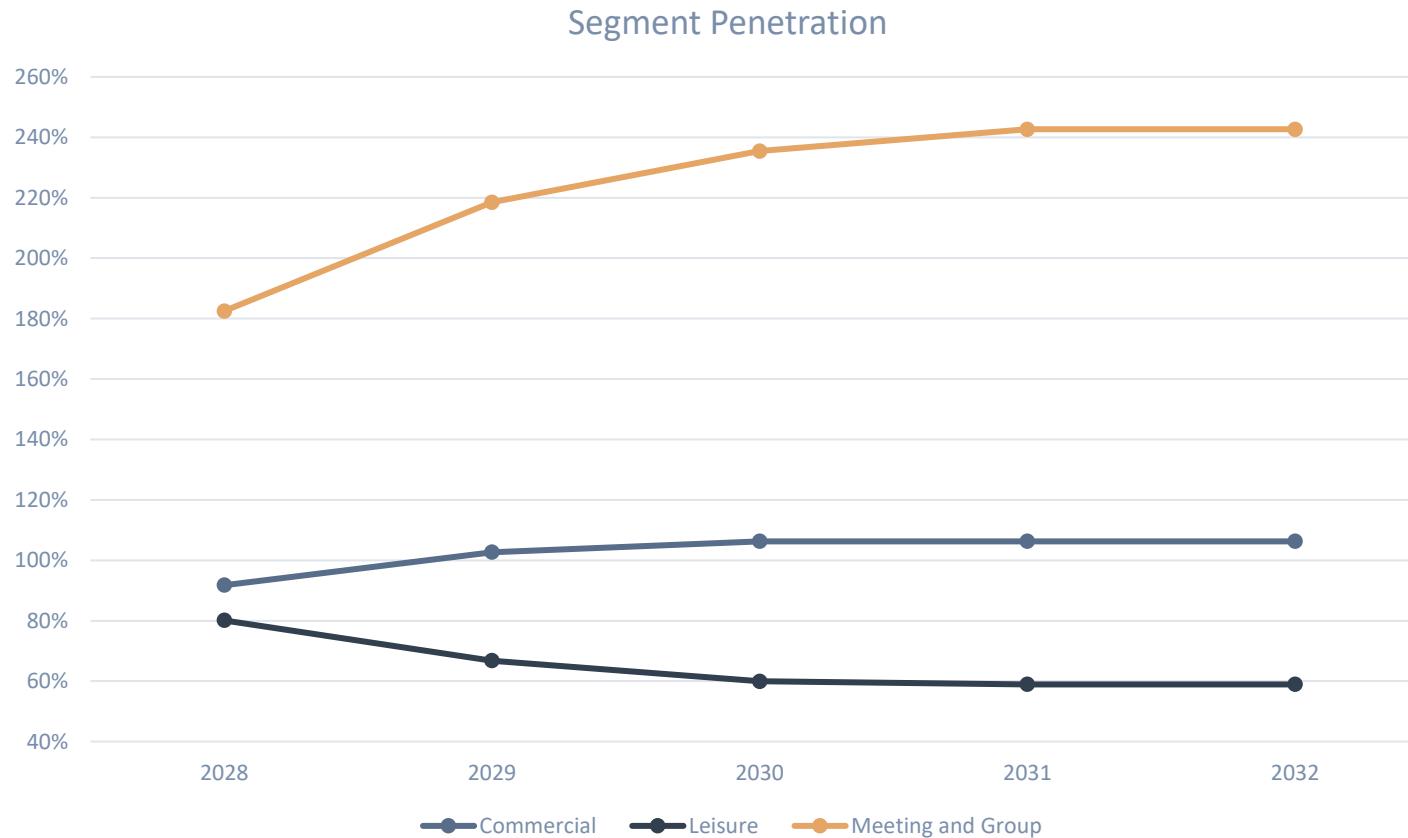
The proposed subject hotel's forecasted market share and occupancy levels are based upon its anticipated competitive position within the market, as quantified by its penetration rate. The penetration rate is the ratio of a property's market share to its fair share.



■ Commercial ■ Leisure ■ Meeting and Group

Proposed Hotel Segmentation Penetration

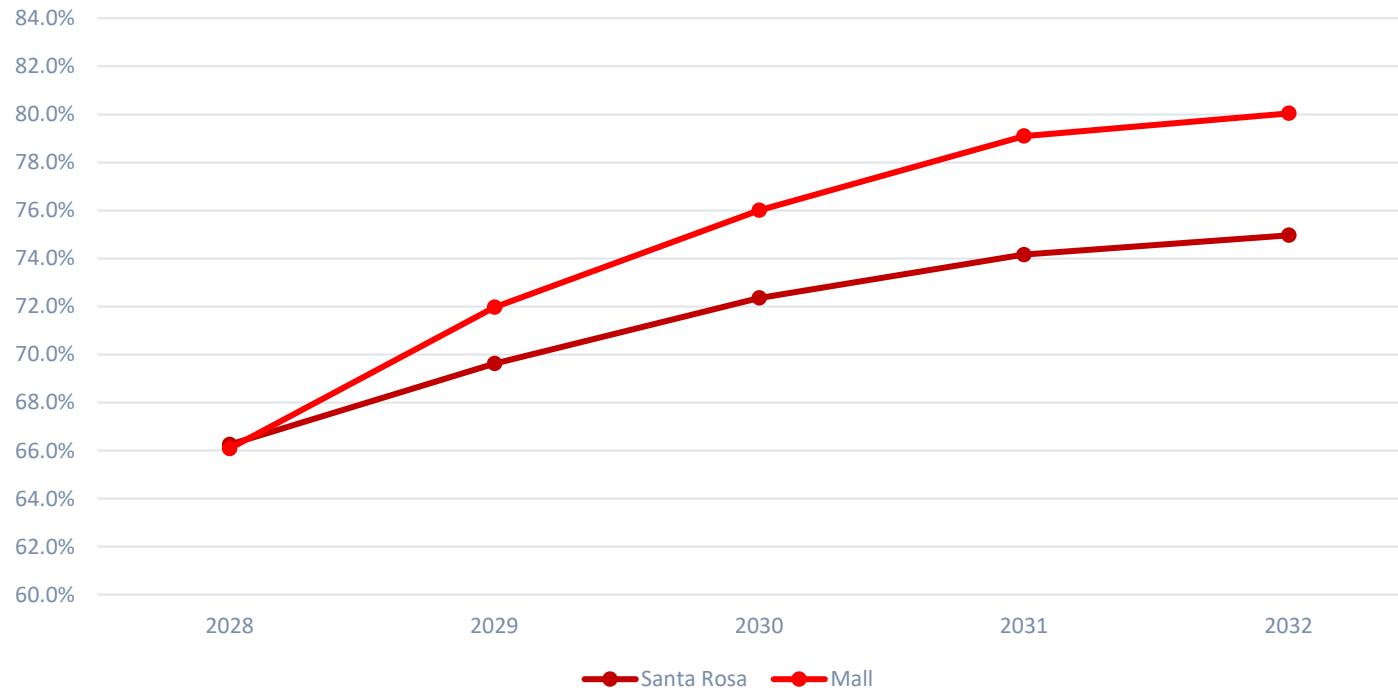
HVS



- Within the commercial segment, the proposed subject is positioned above the market-average level, supported by its location in the heart of Downtown Santa Rosa near local corporate offices.
- Within the leisure segment, the proposed subject hotel is positioned below the market-average level, largely attributed to its more urban location, focus on capturing meeting/group demand, and higher anticipated price point.
- Within the meeting and group segment, the proposed subject hotel is positioned significantly above the market-average level given the proposed hotel's location adjacent to the proposed convention center.

Forecast of Subject Hotel's Occupancy

HVS



- Based on our analysis, we have assumed a stabilized occupancy level of 80.0%. The stabilized occupancy is intended to reflect the anticipated results of the property over its remaining economic life given all changes in the life cycle of the hotel.

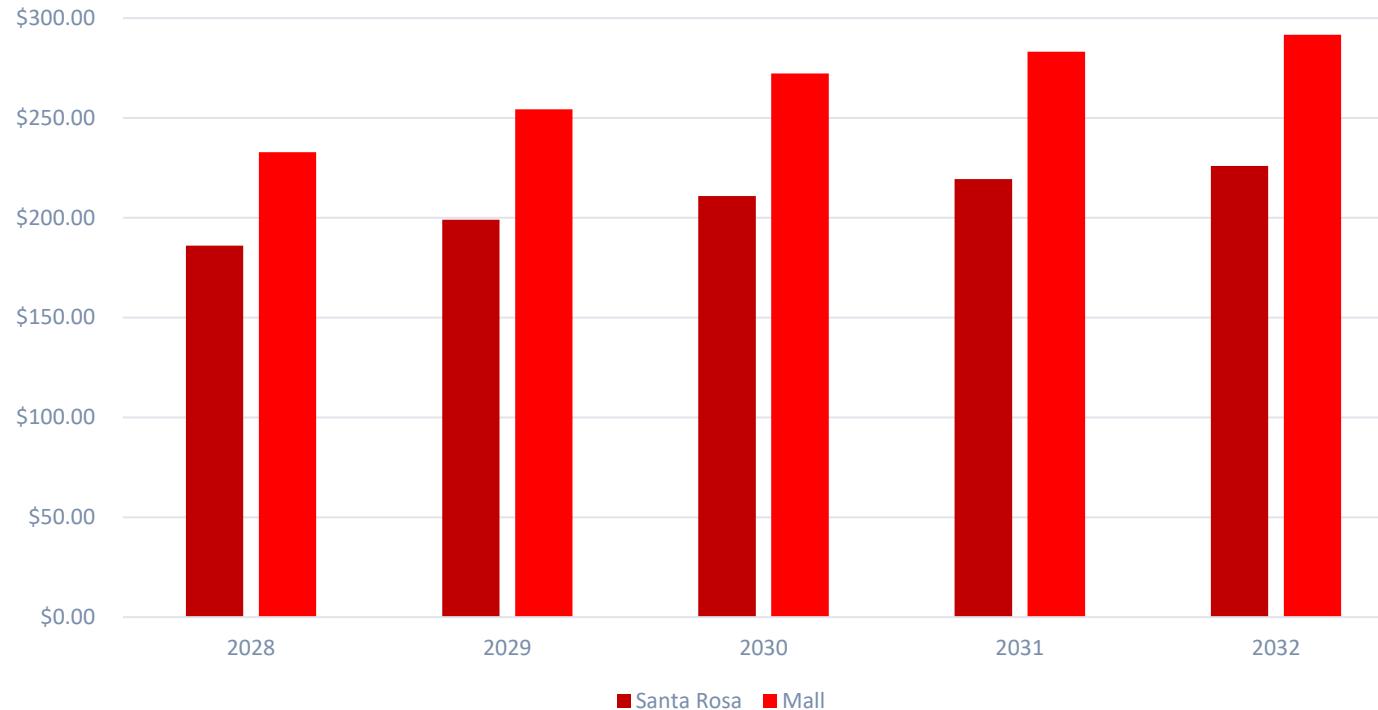
Forecast of Average Daily Rate (ADR)



- **Methodology:** To forecast the proposed subject hotel's ADR, we positioned the rate in the context of the 2023 competitive market. In other words, we estimated the ADR that the proposed subject hotel would have achieved had it been operating at a stabilized level in 2023. As part of this analysis, we considered the proposed subject property's competitive attributes, such as location, size (number of rooms), array of facilities and amenities, and market image/branding.

Forecast of Average Daily Rate (ADR)

HVS



- We have positioned the proposed subject hotel's stabilized ADR in the 2023 base year in consideration of its new facility, anticipated brand affiliation, and proximity to major demand generators.
- Discounts of 5.0% and 2.0% have been applied for the first two years of operation, as would be expected for a new property as it builds reputation and becomes established in the market.

Comparison of Historical & Projected Occ, ADR, and RevPAR



	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Projected	
Proposed Sonoma County Convention Center Hotel																
Occupancy										66.1 %	72.0 %	76.0 %	79.1 %	80.0 %		
Change in Points										—	5.9	4.0	3.1	0.9		
Occupancy Penetration										99.8 %	103.4 %	105.0 %	106.7 %	106.8 %		
Average Rate										\$232.90	\$254.34	\$272.33	\$283.22	\$291.72		
Change										—	9.2 %	7.1 %	4.0 %	3.0 %		
Average Rate Penetration										125.2 %	127.8 %	129.1 %	129.1 %	129.1 %		
RevPAR										\$153.91	\$183.05	\$206.98	\$224.01	\$233.51		
Change										—	18.9 %	13.1 %	8.2 %	4.2 %		
RevPAR Penetration										124.9 %	132.1 %	135.6 %	137.7 %	137.9 %		
Historical																
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Projected
Competitive Set																
Occupancy	80.5 %	75.1 %	56.1 %	63.9 %	66.5 %	65.0 %	64.2 %	65.7 %	66.2 %	66.5 %	66.2 %	69.6 %	72.4 %	74.2 %	75.0 %	
Change in Points	—	(5.4)	(19.0)	7.8 %	2.6	(1.5)	(0.8)	1.6	0.4	0.3	(0.3)	3.4	2.7	1.8	0.8	
Average Rate	\$155.04	\$154.89	\$121.14	\$147.56	\$162.59	\$154.91	\$150.26	\$153.26	\$160.93	\$172.19	\$185.97	\$198.99	\$210.93	\$219.36	\$225.94	
Change	—	(0.1) %	(21.8) %	21.8 %	10.2 %	(4.7) %	(3.0) %	2.0 %	5.0 %	7.0 %	8.0 %	7.0 %	6.0 %	4.0 %	3.0 %	
RevPAR	\$124.81	\$116.32	\$67.96	\$94.29	\$108.12	\$100.62	\$96.45	\$100.76	\$106.53	\$114.56	\$123.20	\$138.54	\$152.62	\$162.68	\$169.39	
Change	—	(6.8) %	(41.6) %	38.7 %	14.7 %	(6.9) %	(4.1) %	4.5 %	5.7 %	7.5 %	7.5 %	12.5 %	10.2 %	6.6 %	4.1 %	

- In order to project future income and expense for the proposed subject hotel, we have included a sample of individual comparable operating statements from our database of hotel statistics.
- All financial data are presented according to the three most common measures of industry performance: ratio to sales (RTS), amounts per available room (PAR), and amounts per occupied room night (POR).
- These historical income and expense statements will be used as benchmarks in our forthcoming forecast of income and expense. The proposed subject hotel's deflated, stabilized statement of income and expense is also presented.

Comparable Operating Statements: Ratio to Sales



	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
Year:	2019	2019	2019	2019	2019	Stabilized \$
Number of Rooms:	180 to 230	220 to 280	430 to 540	450 to 550	450 to 570	250
Occupancy:	81%	84%	85%	85%	80%	80%
Average Rate:	\$250	\$195	\$184	\$228	\$237	\$217
RevPAR:	\$203	\$163	\$156	\$193	\$189	\$174
REVENUE						
Rooms	81.8 %	67.4 %	65.8 %	67.7 %	70.8 %	66.5 %
Food	11.8	18.5	22.1	25.7	18.0	18.4
Beverage	3.3	3.8	7.1	3.0	4.0	8.6
Other Operated Departments	2.5	2.2	4.2	0.4	5.2	6.0
Miscellaneous Income	0.7	8.2	0.8	3.2	2.1	0.6
Total	100.0	100.0	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*						
Rooms	19.7	23.1	22.0	28.1	25.1	24.0
Food & Beverage	65.3	74.9	72.5	67.0	72.4	70.0
Other Operated Departments	194.7	26.7	44.1	86.8	64.8	12.9
Total	30.8	32.8	37.5	38.6	37.0	35.6
DEPARTMENTAL INCOME	69.2	67.2	62.5	61.4	63.0	64.4
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	7.1	6.6	5.7	6.8	6.0	6.4
Info. and Telecom. Systems	0.5	1.6	1.5	1.8	0.0	1.3
Marketing	6.8	8.8	7.8	6.4	5.8	7.6
Franchise Fee	3.3	4.8	5.5	0.0	0.0	0.0
Property Operations & Maintenance	3.3	3.0	3.9	3.0	3.0	3.2
Utilities	3.3	3.1	3.4	2.7	4.3	3.1
Total	24.3	27.9	27.8	20.7	19.2	21.5
GROSS OPERATING PROFIT	44.9	39.3	34.7	40.7	43.8	42.9
Management Fee	3.0	2.0	2.5	3.0	2.5	3.0
INCOME BEFORE NON-OPER. INC. & EXP.	41.9	37.3	32.2	37.7	41.3	39.9

* Departmental expense ratios are expressed as a percentage of departmental revenues

Comparable Operating Statements: Amounts Per Available Room

HVS

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
Year:	2019	2019	2019	2019	2019	Stabilized \$
Number of Rooms:	180 to 230	220 to 280	430 to 540	450 to 550	450 to 570	2022
Occupancy:	81%	84%	85%	85%	80%	250
Average Rate:	\$250	\$195	\$184	\$228	\$237	80%
RevPAR:	\$203	\$163	\$156	\$193	\$189	\$217
						\$174
REVENUE						
Rooms	\$74,096	\$59,424	\$57,037	\$70,488	\$69,013	\$63,383
Food	10,661	16,273	19,174	26,794	17,593	17,520
Beverage	2,991	3,366	6,123	3,156	3,853	8,176
Other Operated Departments	2,245	1,943	3,604	376	5,039	5,676
Miscellaneous Income	591	7,190	710	3,347	2,023	584
Total	90,585	88,195	86,648	104,161	97,521	95,338
DEPARTMENTAL EXPENSES						
Rooms	14,614	13,742	12,568	19,807	17,329	15,212
Food & Beverage	8,922	14,700	18,336	20,064	15,534	17,987
Other Operated Departments	4,370	518	1,590	326	3,267	730
Total	27,906	28,959	32,494	40,197	36,131	33,929
DEPARTMENTAL INCOME	62,679	59,236	54,154	63,963	61,390	61,409
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	6,415	5,791	4,952	7,082	5,851	6,069
Info. and Telecom. Systems	460	1,390	1,288	1,873	0	1,214
Marketing	6,203	7,805	6,727	6,649	5,688	7,283
Franchise Fee	2,964	4,252	4,768	0	0	0
Property Operations & Maintenance	2,996	2,620	3,394	3,162	2,970	3,035
Utilities	2,996	2,758	2,969	2,797	4,203	2,934
Total	22,034	24,617	24,098	21,564	18,712	20,535
GROSS OPERATING PROFIT	40,645	34,619	30,056	42,399	42,678	40,875
Management Fee	2,721	1,734	2,182	3,125	2,398	2,860
INCOME BEFORE NON-OPER. INC. & EXP.	37,924	32,885	27,873	39,275	40,281	38,014

Comparable Operating Statements: Amounts Per Occupied Room

HVS

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
Year:	2019	2019	2019	2019	2019	Stabilized \$
Number of Rooms:	180 to 230	220 to 280	430 to 540	450 to 550	450 to 570	250
Occupancy:	81%	84%	85%	85%	80%	80%
Average Rate:	\$250	\$195	\$184	\$228	\$237	\$217
RevPAR:	\$203	\$163	\$156	\$193	\$189	\$174
REVENUE						
Rooms	\$250.31	\$194.51	\$183.61	\$227.55	\$236.86	\$217.06
Food	36.02	53.27	61.72	86.49	60.38	60.00
Beverage	10.11	11.02	19.71	10.19	13.22	28.00
Other Operated Departments	7.58	6.36	11.60	1.21	17.29	19.44
Miscellaneous Income	2.00	23.53	2.29	10.80	6.94	2.00
Total	306.01	288.69	278.94	336.24	334.71	326.50
DEPARTMENTAL EXPENSES						
Rooms	49.37	44.98	40.46	63.94	59.48	52.10
Food & Beverage	30.14	48.12	59.03	64.77	53.32	61.60
Other Operated Departments	14.76	1.70	5.12	1.05	11.21	2.50
Total	94.27	94.79	104.60	129.76	124.01	116.20
DEPARTMENTAL INCOME	211.74	193.89	174.33	206.48	210.70	210.31
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	21.67	18.96	15.94	22.86	20.08	20.79
Info. and Telecom. Systems	1.56	4.55	4.15	6.05	0.00	4.16
Marketing	20.96	25.55	21.66	21.47	19.52	24.94
Franchise Fee	10.01	13.92	15.35	0.00	0.00	0.00
Property Operations & Maintenance	10.12	8.58	10.93	10.21	10.19	10.39
Utilities	10.12	9.03	9.56	9.03	14.42	10.05
Total	74.44	80.58	77.58	69.61	64.22	70.32
GROSS OPERATING PROFIT	137.31	113.32	96.75	136.87	146.48	139.98
Management Fee	9.19	5.68	7.02	10.09	8.23	9.79
INCOME BEFORE NON-OPER. INC. & EXP.	128.11	107.64	89.73	126.79	138.25	130.19

Detailed Forecast of Income and Expense

HVS

	2028 (Calendar Year)				2029				2030				2031				Stabilized								
Number of Rooms:	250				250				250				250				250								
Occupancy:	66%				72%				76%				79%				80%								
Average Rate:	\$232.90				\$254.34				\$272.33				\$283.22				\$291.72								
RevPAR:	\$153.71				\$183.13				\$206.97				\$223.74				\$233.37								
Days Open:	365				365				365				365				365								
Occupied Rooms:	60,225	%Gross	PAR	POR	65,700	%Gross	PAR	POR	69,350	%Gross	PAR	POR	72,088	%Gross	PAR	POR	73,000	%Gross	PAR	POR					
OPERATING REVENUE																									
Rooms	\$14,026	66.1	%	\$56,104	\$232.89	\$16,710	65.9	%	\$66,840	\$254.34	\$18,886	66.0	%	\$75,544	\$272.33	\$20,417	66.4	%	\$81,668	\$283.23	\$21,295	66.5	%	\$85,180	\$291.71
Food	4,089	19.3		16,357	67.90	4,734	18.7		18,935	72.05	5,340	18.7		21,362	77.01	5,661	18.4		22,645	78.53	5,886	18.4		23,545	80.63
Beverage	1,837	8.7		7,349	30.51	2,171	8.6		8,684	33.04	2,516	8.8		10,066	36.29	2,648	8.6		10,593	36.74	2,747	8.6		10,988	37.63
Other Operated Departments	372	1.8		1,487	6.17	427	1.7		1,707	6.50	455	1.6		1,822	6.57	474	1.5		1,898	6.58	491	1.5		1,962	6.72
Resort Fees	732	3.5		2,927	12.15	1,128	4.5		4,511	17.16	1,233	4.3		4,933	17.78	1,360	4.4		5,440	18.87	1,416	4.4		5,666	19.40
Miscellaneous Income	149	0.7		595	2.47	171	0.7		683	2.60	182	0.6		729	2.63	190	0.6		759	2.63	196	0.6		785	2.69
Total Operating Revenues	21,205	100.0		84,818	352.09	25,340	100.0		101,359	385.69	28,614	100.0		114,455	412.60	30,751	100.0		123,004	426.58	32,031	100.0		128,126	438.79
DEPARTMENTAL EXPENSES *																									
Rooms	4,223	30.1		16,892	70.12	4,490	26.9		17,960	68.34	4,721	25.0		18,884	68.08	4,937	24.2		19,749	68.49	5,111	24.0		20,443	70.01
Food & Beverage	4,820	81.3		19,280	80.03	5,217	75.6		20,867	79.40	5,608	71.4		22,432	80.86	5,845	70.3		23,378	81.08	6,043	70.0		24,173	82.79
Other Operated Departments	208	56.0		833	3.46	221	51.8		885	3.37	230	50.5		921	3.32	238	50.1		951	3.30	245	50.0		981	3.36
Total Expenses	9,251	43.6		37,005	153.61	9,928	39.2		39,712	151.11	10,559	36.9		42,237	152.26	11,020	35.8		44,078	152.86	11,399	35.6		45,598	156.16
DEPARTMENTAL INCOME	11,953	56.4		47,813	198.48	15,412	60.8		61,648	234.58	18,055	63.1		72,219	260.34	19,731	64.2		78,925	273.71	20,632	64.4		82,528	282.63
UNDISTRIBUTED OPERATING EXPENSES																									
Administrative & General	1,692	8.0		6,769	28.10	1,801	7.1		7,203	27.41	1,896	6.6		7,585	27.34	1,974	6.4		7,896	27.38	2,039	6.4		8,157	27.93
Info & Telecom Systems	338	1.6		1,354	5.62	360	1.4		1,441	5.48	379	1.3		1,517	5.47	395	1.3		1,579	5.48	408	1.3		1,631	5.59
Marketing	2,031	9.6		8,123	33.72	2,161	8.5		8,644	32.89	2,275	8.0		9,101	32.81	2,369	7.7		9,476	32.86	2,447	7.6		9,788	33.52
Prop. Operations & Maint.	635	3.0		2,539	10.54	792	3.1		3,169	12.06	924	3.2		3,697	13.33	987	3.2		3,948	13.69	1,020	3.2		4,078	13.97
Utilities	818	3.9		3,272	13.58	870	3.4		3,481	13.25	916	3.2		3,666	13.22	954	3.1		3,817	13.24	986	3.1		3,942	13.50
Total Expenses	5,514	26.1		22,057	91.56	5,984	23.5		23,938	91.09	6,392	22.3		25,566	92.16	6,679	21.7		26,716	92.65	6,899	21.6		27,597	94.51
GROSS OPERATING PROFIT	6,439	30.4		25,756	106.91	9,427	37.2		37,710	143.49	11,663	40.8		46,652	168.18	13,052	42.4		52,210	181.06	13,733	42.9		54,931	188.12
Management Fee	636	3.0		2,545	10.56	760	3.0		3,041	11.57	858	3.0		3,434	12.38	923	3.0		3,690	12.80	961	3.0		3,844	13.16
INCOME BEFORE NON-OPR. INC. & EXP.	5,803	27.4		23,211	96.35	8,667	34.2		34,669	131.92	10,805	37.8		43,219	155.80	12,130	39.4		48,519	168.27	12,772	39.9		51,087	174.96
NON-OPERATING INCOME & EXPENSE																									
Property Taxes	1,149	5.4		4,594	19.07	1,171	4.6		4,686	17.83	1,195	4.2		4,780	17.23	1,219	4.0		4,875	16.91	1,243	3.9		4,973	17.03
Insurance	418	2.0		1,672	6.94	430	1.7		1,722	6.55	443	1.5		1,773	6.39	457	1.5		1,827	6.33	470	1.5		1,881	6.44
Total Expenses	1,566	7.4		6,266	26.01	1,602	6.3		6,408	24.38	1,638	5.7		6,553	23.62	1,675	5.5		6,702	23.24	1,714	5.4		6,854	23.47
EBITDA	4,236	20.0		16,945	70.34	7,065	27.9		28,261	107.54	9,166	32.1		36,666	132.18	10,454	33.9		41,818	145.02	11,058	34.5		44,233	151.48
Reserve for Replacement	424	2.0		1,696	7.04	760	3.0		3,041	11.57	1,145	4.0		4,578	16.50	1,230	4.0		4,920	17.06	1,281	4.0		5,125	17.55
EBITDA LESS RESERVE	\$3,812	18.0	%	\$15,249	\$63.30	\$6,305	24.9	%	\$25,220	\$95.97	\$8,022	28.0	%	\$32,087	\$115.67	\$9,224	30.0	%	\$36,897	\$127.96	\$9,777	30.5	%	\$39,108	\$133.93

*Departmental expenses are expressed as a percentage of departmental revenues.

DRAFT REPORT : For Internal Discussion Only

Ten-Year Forecast of Income and Expense

HVS

*Departmental expenses are expressed as a percentage of departmental revenues

- **Rooms**: Revenues derived from the rental of sleeping rooms at the hotel, net of any rebates and discounts.
- **Food and Beverage (F&B)**: Revenues generated by a hotel's restaurants, lounges, coffee shops, snack bars, banquet rooms, and room service.
- **Other Operated Departments**: Any major or minor operated department other than rooms and F&B, i.e. gift shop.
- **Miscellaneous Income**: Income from rentals of space for business purposes, including concessions in other operated departments. Also includes income generated from sources not included in the above categories such as cancellation fees.

- **Rooms**: Rooms expense consists of items related to the sale and upkeep of guestrooms and public space.
- **Food and Beverage**: Food expenses consist of items necessary for the primary operation of a hotel's food and banquet facilities. Beverage expenses consist of items necessary for the operation of a hotel's lounge and bar areas.
- **Other Operated Departments**: Other operated departments expense includes all expenses reflected in the summary statements for the divisions associated in these categories, as discussed in the previous slide.
- **Administrative and General Expense**: Administrative and general expense includes the salaries and wages of all administrative personnel who are not directly associated with a particular department. Expense items related to the management and operation of the property are also allocated to this category.
- **Information and Telecommunications Systems**: Information and telecommunications systems expense consists of all costs associated with a hotel's technology infrastructure. This includes the costs of cell phones, administrative call and Internet services, and complimentary call and Internet services.

Expense Definitions (Continued)

- **Marketing:** Marketing expense consists of all costs associated with advertising, sales, and promotion; these activities are intended to attract and retain customers.
- **Property Operations and Maintenance:** This category includes cost of maintenance supplies, cost of repairs and maintenance of the building, furniture and equipment, the grounds and the removal of waste matter.
- **Utilities:** The utilities consumption of a lodging facility takes several forms, including water and space heating, air conditioning, lighting, cooking fuel, and other miscellaneous power requirements. The most common sources of hotel utilities are electricity, natural gas, fuel oil, and steam. This category also includes the cost of water service.
- **Management Fee:** Basic hotel management fees are often based on a percentage of total revenue, which means they have no fixed component. Typically range from 2.0% to 4.0% of total revenue.
- **Insurance:** The insurance expense category consists of the cost of insuring the hotel and its contents against damage or destruction by fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, and so forth. General insurance costs also include premiums relating to liability, fidelity, and theft coverage.
- **Reserve for Replacement:** This category includes all non-real estate items that are capitalized, rather than expensed. The furniture, fixtures, and equipment (FF&E) of a hotel are exposed to heavy use and must be replaced at regular intervals. Because capitalized expenditures are not included in the operating statement but affect an owner's cash flow, a forecast of income and expense should reflect these expenses in the form of an appropriate reserve for replacement.

Projected Revenue, House Profit, and EBITDA Less Replacement Reserve



	Total Revenue		Gross Operating Profit		House Profit Ratio	EBITDA Less Replacement Reserve		
	Total	% Change	Total	% Change		Total	% Change	As a % of Ttl Rev
Year	Total	% Change	Total	% Change				
Projected								
2028	\$21,205,000	—	\$6,439,000	—	30.4 %	\$3,812,000	—	18.0 %
2029	25,340,000	19.5 %	9,427,000	46.4 %	37.2	6,305,000	65.4 %	24.9
2030	28,614,000	12.9	11,663,000	23.7	40.8	8,022,000	27.2	28.0
2031	30,751,000	7.5	13,052,000	11.9	42.4	9,224,000	15.0	30.0
2032	32,031,000	4.2	13,733,000	5.2	42.9	9,777,000	6.0	30.5

Comparable Development Costs



Location	Date	# of Rooms	# of Rooms	STR Chain Scale	Hard Cost per Room	FF&E per Room	Soft Costs & Pre Opening per Room		Cost* Per Room Excluding Land
							per Room	Cost* Per Room Excluding Land	
NorCal Coast	2023	102	50 to 200	Upper-Upscale	397,353	56,078	132,353	586,000	
Silicon Valley	2021	200	50 to 200	Luxury	293,340	28,645	158,418	480,000	
NorCal Coast	2021	165	50 to 200	Luxury	516,576	35,000	105,394	657,000	
Pacific Northwest	2018	1260	1,000 to 1,500	Upper-Upscale	387,370	29,690	62,159	479,000	
Silicon Valley	2018	255	200 to 400	Luxury	272,675	50,979	96,782	420,000	
Pacific Northwest	2017	347	200 to 400	Upper-Upscale	447,365	54,006	99,893	601,000	
Silicon Valley	2016	250	200 to 400	Upper-Upscale	343,632	40,092	115,680	499,000	
Average					\$379,759	\$42,070	\$110,097	\$531,714	

HVS Development Cost Estimate & Financing Assumptions



Item	Cost per Room	Cost	Mortgage	
Building	\$360,000	\$90,000,000	Initial Cost	\$125,000,000
Soft Costs	80,000	20,000,000	Loan to cost	75.0%
Furniture, Fixtures, & Equipment	40,000	10,000,000	Mortgage Amount	\$93,750,000
Pre-Opening Costs & Working Capital	20,000	5,000,000	Assumed interest rate	5.50%
Developer Fee (if Applicable)	0	0	Assumed Amortization	25 years
Land	0	0	Debt Service Constant	0.07369
Total Cost New Before Incentive	\$500,000	\$125,000,000	Annual Debt Service	\$6,908,000
			Mortgage paid off over 10 years	24.84%
			Balance at end of 10 years	\$70,459,000
Equity				
			Initial Cost	\$125,000,000
			Mortgage	93,750,000
			Equity Investment	\$31,250,000

Hotel Feasibility Analysis

Year	Total Project		Mortgage Component		Equity Component	
	Total EBITDA	Annual Cash on Cash Return	Debt Service	Annual Cash on Cash Return	NOI to Equity	Annual Cash on Cash Return
Initial Investment	(\$125,000,000)		(\$93,750,000)		(\$31,250,000)	
2028	\$3,812,000	3.0 %	\$6,908,000	7.4 %	(\$3,096,000)	-9.9 %
2029	6,305,000	5.0	6,908,000	7.4	(603,000)	-1.9
2030	8,022,000	6.4	6,908,000	7.4	1,114,000	3.6
2031	9,224,000	7.4	6,908,000	7.4	2,316,000	7.4
2032	9,777,000	7.8	6,908,000	7.4	2,869,000	9.2
2033	10,083,000	8.1	6,908,000	7.4	3,175,000	10.2
2034	10,398,000	8.3	6,908,000	7.4	3,490,000	11.2
2035	10,723,000	8.6	6,908,000	7.4	3,815,000	12.2
2036	11,058,000	8.8	6,908,000	7.4	4,150,000	13.3
2037	11,390,000	9.1	6,908,000	7.4	4,482,000	14.3
Reversion	149,872,000	119.9	70,459,000	75.2	79,413,000	254.1
Ten Year IRR		8.2 %		5.4 %		12.9 %

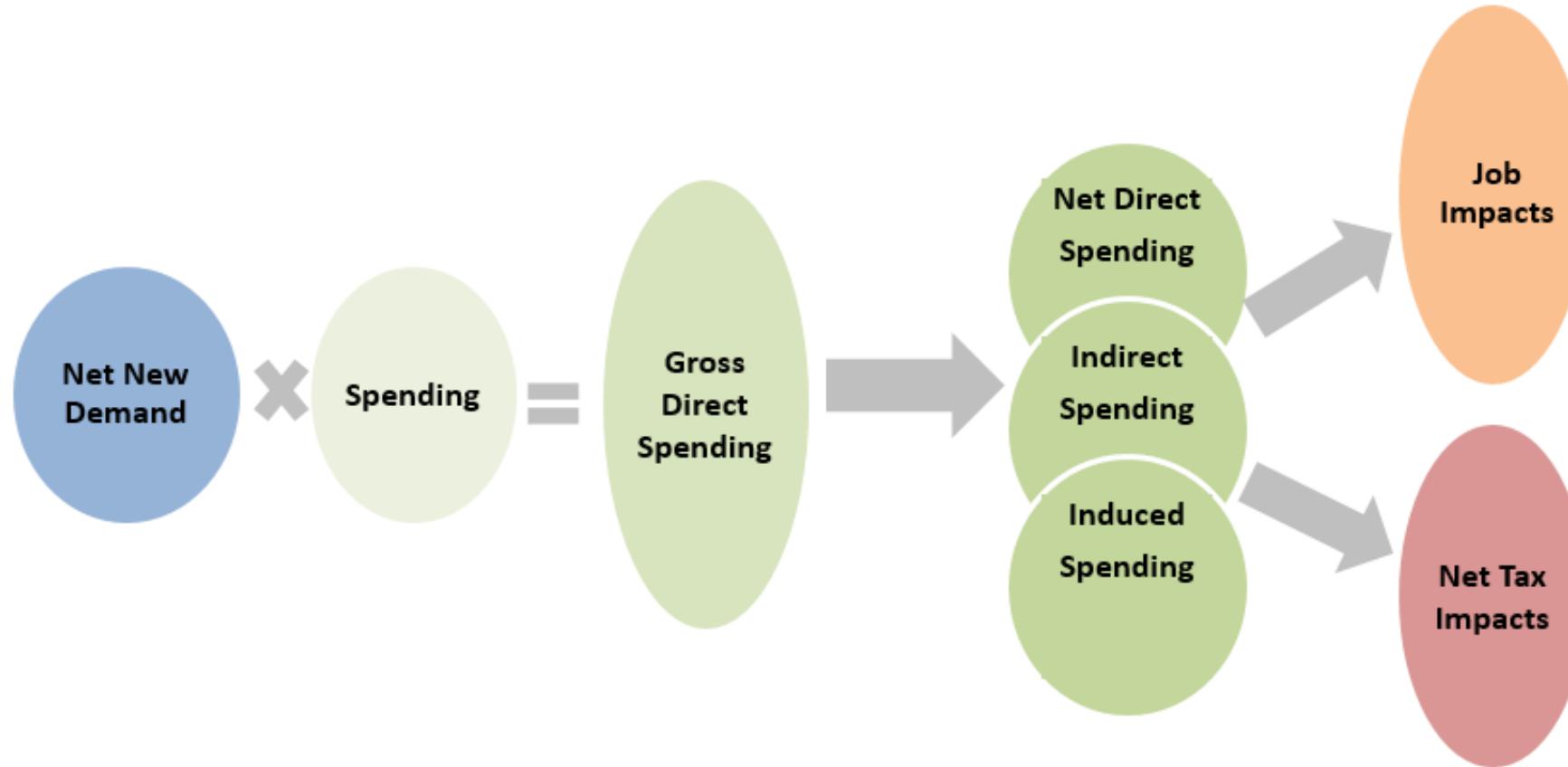
Based on our forecast of EBITDA and the development cost, the total project would yield an ROI of 8.2%. Based on the mortgage assumptions, the equity component's initial investment of \$31,250,000 would achieve a return of 12.9% over a ten-year holding period. Investor surveys indicate discount rates ranging from 7.6% to 11.9% (average of 9.9%) and equity yields ranging from 10.9% to 19.5% (average of 15.3%). Based on these parameters, the calculated overall return to the project of 8.2% and equity return of 12.9% is below these averages but still within the range of returns, indicating economic feasibility at market rates of return.

Economic Impact Analysis



Economic Impact Methodology

HVS



Direct, Indirect, and Induced Spending

Spending falls into three categories:

- **Direct spending**—includes the new spending of event attendees and organizers. For example, an attendee's expenditure on a restaurant meal is a direct spending impact. Direct spending includes only new spending that originates from outside Sonoma County. Spending by attendees who live within the market area is a transfer of income from one sector of the area's economy to another; therefore, this analysis does not count spending by local residents as a new economic impact. Net direct spending are the amounts of direct spending that falls into the local economy.
- **Indirect spending**—follows from the business spending resulting from the initial direct spending. For example, an event attendee's direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that remain within Sonoma County count as indirect impacts.
- **Induced spending**—represents the change in local consumption due to the personal spending by employees whose incomes change from direct and indirect spending. For example, a waiter at a local restaurant may have more personal income as a result of an event attendee dining at the restaurant. The amount of the increased income that the waiter spends in the local economy is an induced impact.

Sources of Direct Spending

HVS identified four sources of new direct spending impact:

- **Overnight Guests:** Visitors who require overnight lodging, including convention delegates, meeting attendees, and attendees at other proposed conference center events. Overnight delegate spending includes the spending on meals, shopping, local transportation, recreation and entertainment, and other goods and services while in town.
- **Daytrip Attendees:** Visitors to the proposed conference center who do not require paid lodging. In most markets, day-trippers typically spend money on meals, shopping, local transportation, recreation and entertainment, and other goods and services while in town.
- **Event Organizers:** Individuals, associations, or other organizations that plan, sponsor, organize, and coordinate events that take place at proposed conference center facilities. In addition to facility spending, event organizers also spend on lodging, meals, local transportation, facility rentals, equipment rentals, and other goods and services required to plan and organize a successful event.
- **Exhibitors:** Individuals or companies that rent exhibition space, typically from event organizers, to display information or products at events. In addition to spending at the facility, exhibitors purchase lodging, meals, local transportation, vendor services, meeting room rentals, equipment rentals, and other goods and services.

Percent of Spending New to Sonoma County

HVS

HVS estimated the percentage of each visitor type that would come from outside the market rather than from the local area. The spending estimates only include new visitor spending because non-residents import income, whereas residents transfer income already in the market area.

Day trip attendees to other events were estimated using the assumption that attendees traveling from within 60-minutes of the venue would drive.

Calculation of New Day Trips	
Sonoma County Population	492,498
	÷
Population within 60-Minute Drive Time	1,258,379

Geographic Area/Visitor Type	Overnight Guests	Day Trips
Sonoma County		
Conventions/ Conferences	60%	61%
Consumer Shows	10%	61%
Meetings	50%	61%
Banquets	10%	61%
Assemblies	10%	61%

Visitation from Sonoma Convention Center

HVS

The product of the visitor forecasts and the percent of demand new to the market yields an estimate of the sources of impact shown in the table below. That is:

Total Overnight Guests X Percent New = New Overnight Stays

Total Day Trips X Percent New = New Day Trips

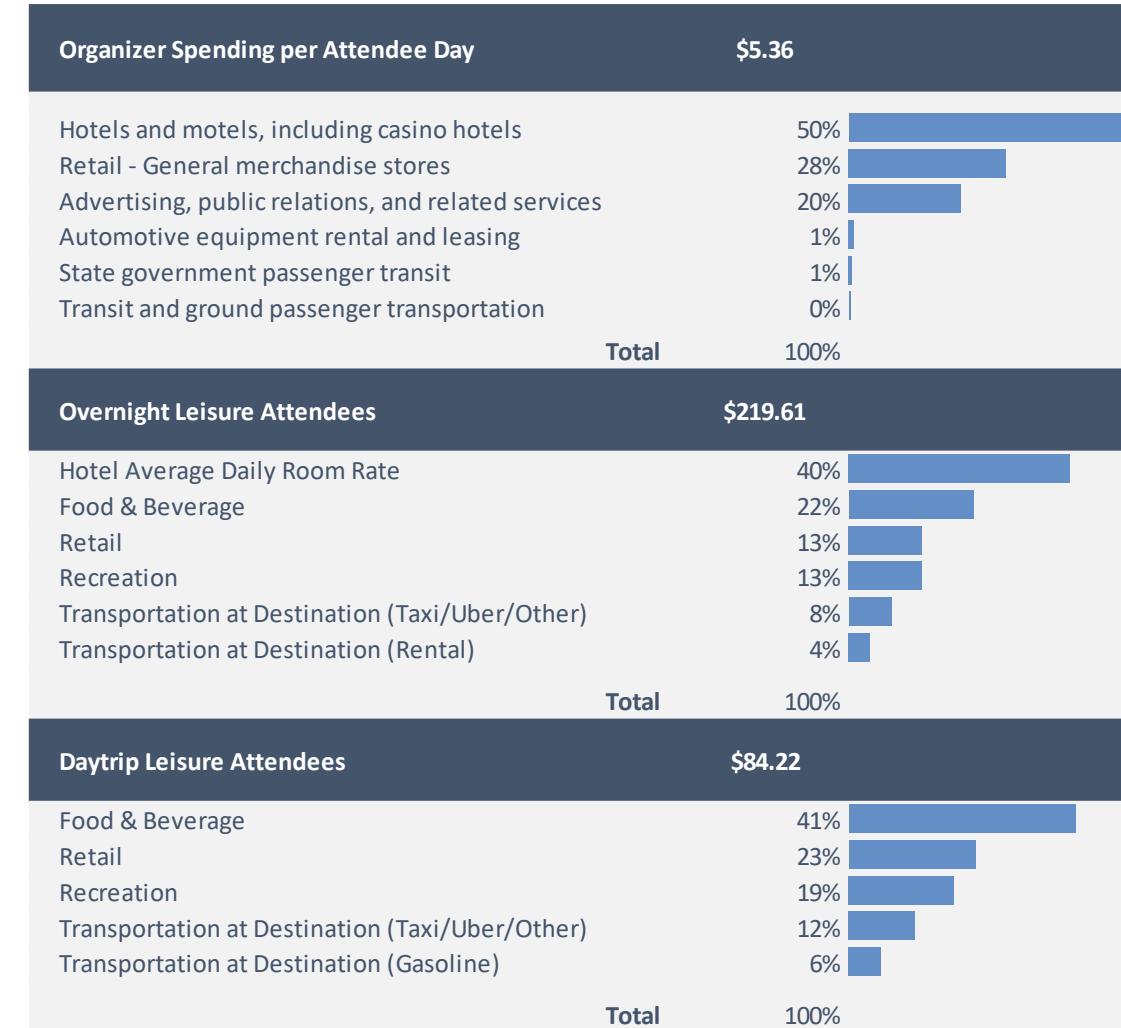
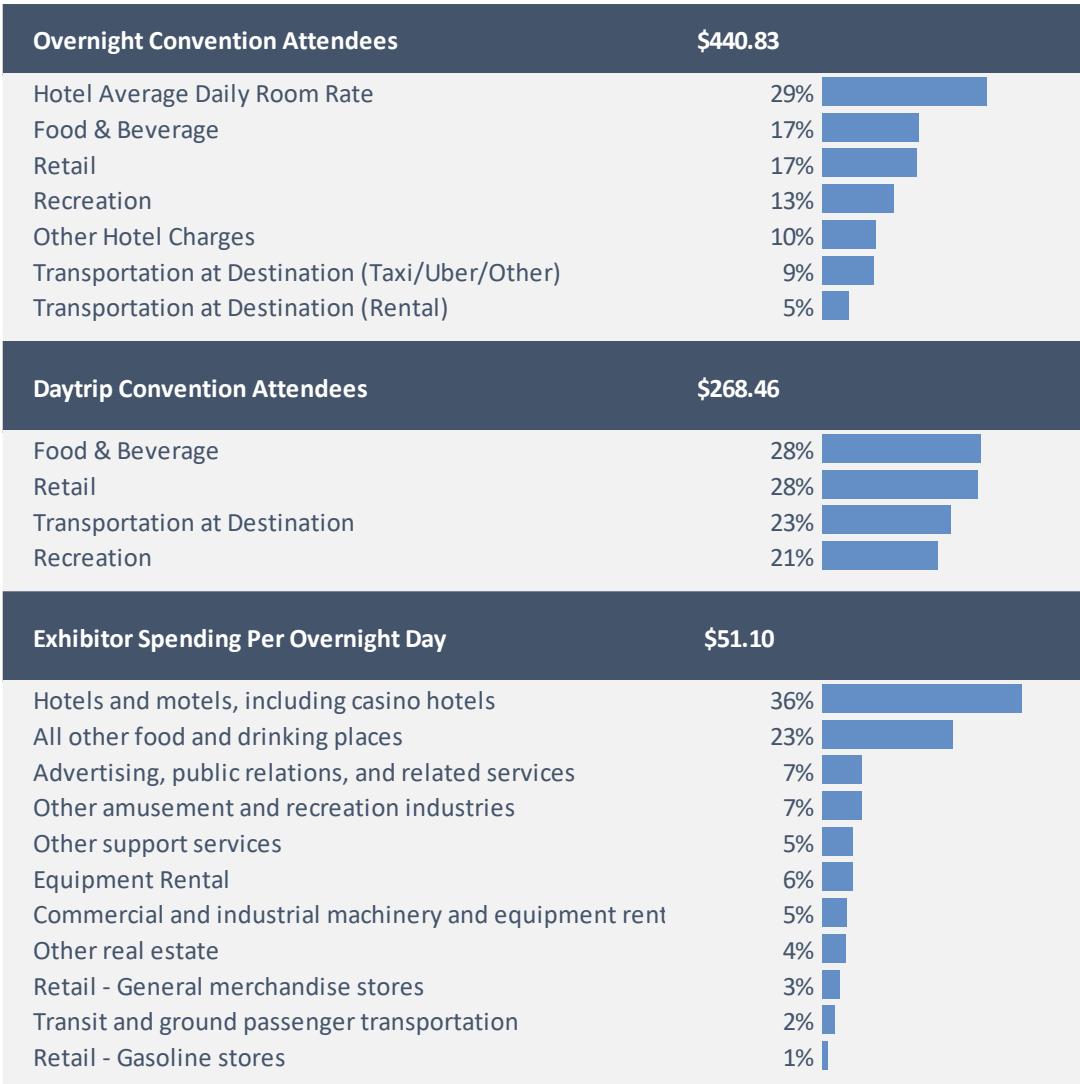
Total Attendee Days X Percent New = New Attendee Days

	Overnight Visitor Days	Day Trips
Conventions/ Conferences	9,800	14,900
Consumer Shows	400	8,800
Meetings	11,300	20,700
Banquets	1,000	19,100
Assemblies	400	7,000
Total	22,900	70,500

- **Longwoods:** Our primary source is the Travel USA study by Longwoods International in Sonoma County. This survey is conducted annually and assesses origin, spending, party size, and the primary purpose of the trip. Sonoma County Tourism provided HVS with spending estimates from Longwoods for visitors to Sonoma County.
- **Destination International:** The Destination International (“DI”) Convention Expenditure & Impact Study surveyed event organizers across over 1,000 events to gather daily spending parameters on overnight convention attendees, day-trip event attendees, exhibiting companies, and event organizers. HVS applies parameters from the Corporate Travel Index (“CTI”) to account for local spending patterns. Adjusted data from DI provides estimates of organizer spending per visitor day.
- **STR:** HVS used the most recent annual average daily rate for the City of Santa Rosa of \$162.

Spending Parameters

HVS



Event organizers and exhibitors create additional spending impacts through spending at the proposed conference center through facility rentals, the purchase of event food and beverage services, and other spending at the venue. HVS estimated spending by exhibitors and event organizers at the proposed conference center as described in the Financial Projections section of this report.

HVS adjusted total facility revenues to account for the percentage of business that would originate from within Sonoma County, based on the financial analysis presented earlier in this report.

Gross Direct Spending (Stabilized Year)

HVS

HVS applied the previous sources of spending impacts and spending parameters to estimate gross direct spending for a stabilized year.

Visitor Type	Number of New Visitors	Net Daily Spending	Total Spending (Millions)
<i>Sonoma County</i>			
Overnight Visitor Spending =	22,900	x	\$392.60 = \$8.99
Daytrip Visitor Spending =	70,500	x	177.03 = \$12.48
Exhibiting Company Spending per attendee =	11,000	x	52.26 = \$0.57
Event Organizer Spending per attendee =	92,000	x	5.34 = \$0.49
			Facility Revenue = \$5.68
			Total Gross Direct Spending = \$28.22

HVS uses the IMPLAN input-output model to estimate indirect and induced spending and employment impacts. IMPLAN is a nationally recognized model developed at the University of Minnesota and commonly used to estimate economic impacts. An input-output model generally describes the commodities and income that normally flow through the various sectors of a given economy. The indirect and induced spending and employment effects represent the estimated changes in the flow of income, goods, and services caused by the estimated direct spending.

The IMPLAN model accounts for the specific characteristics of the local area economy and estimates the share of indirect and induced spending that it would retain.

HVS categorized new direct expenditures into spending categories that we provide inputs into the IMPLAN model. Specifically, the IMPLAN model relies on spending categories defined by the U.S. Census according to the North American Industry Classification System (“NAICS”). Because the spending data from the spending surveys used by HVS do not match the NAICS spending categories, HVS translates the spending categories into the NAICS spending categories that most closely match.

Annual Economic Impact (Stabilized Year)

HVS

In a stabilized year, spending by visitors would import an estimated \$42.5 million into the local economy. This includes net direct spending of \$25.2 million, which generates \$10.2 million in new business spending and \$7.1 million in increased personal income. This economic output would support 270 full-time equivalent jobs throughout Sonoma County.

Impact (\$ 000's)	Sonoma County
Spending Estimates	
Net Direct	\$25.2
Indirect	10.2
Induced	7.1
Total	\$42.5

Full-Time Equivalent Jobs	Sonoma County
Direct	185
Indirect	50
Induced	35
Total Permanent Jobs	270

Fiscal impacts are the public sector share of the economic impacts generated by tax collections on new spending. The previously discussed spending estimates provide a basis for estimating potential tax revenue, as certain existing Sonoma County taxes would apply to some of the spending.

The IMPLAN analysis generates net-direct, indirect, and induced outputs, which fall into various NAICS categories. HVS determined which taxes would apply to which category of output. HVS then used the appropriate tax rates to estimate the amount of tax revenue.

HVS applied these nominal tax rates to a detailed breakdown of spending and income categories that result from direct, indirect, and induced spending through operation of the proposed conference center. HVS then estimated the potential annual revenue from each tax source as shown in the following figures.

Annual Fiscal Impact



The IMPLAN analysis generates net-direct, indirect, and induced outputs, which fall into various NAICS categories. HVS determined which taxes would apply to which category of output. HVS applied nominal tax rates to a detailed breakdown of spending and income categories.

Tax Category	Tax Base	Nominal Tax Rate	Estimated Tax Revenue
Sales & Use Tax	\$33,783,466	8.50%	\$2,728,000
Transient Occupancy Tax	\$3,817,974	9.00%	\$326,400
Sonoma County BIA*	\$3,817,974	2.00%	\$72,500
Santa Rosa Tourism BIA*	\$3,817,974	3.00%	\$108,800
			\$3,235,700

HVS used the TOT rate for Santa Rosa, as well as the additional assessments for the County and City Business Improvement Areas, because the majority of overnight guests will stay in Santa Rosa. HVS used the Sales & Use tax rate for the unincorporated county because spending on retail, food, and other items will occur county-wide and not just in Santa Rosa, which has a 9.25% rate.

**Business Improvement Area*

Summary of Impacts

HVS

Summary of Impacts*	Sonoma County
Economic Impact (Millions)	\$42.5
Fiscal Impact (Millions)	\$3.2
Jobs	270

*In a stabilized year.

Jobs at the convention center and hotel are not included in the jobs generated shown in the table. The table shows total jobs generated by the increased economic activity attributable to the development of the convention center.

Convention Impact on Santa Rosa Plaza

HVS

The convention center's ability to consistently bring in groups of people year-round would also benefit the Santa Rosa Plaza Mall. Event attendees, especially those from out of town, like having amenities like retail and restaurants within close walking distance.

The proximity and indoor connection to the mall would enable attendees easy access to the mall's retail and dining options and would generate a substantial amount of foot traffic for the mall.

Many events at the convention center will occur midweek, when there is less foot traffic at Santa Rosa Plaza, and these attendees would help activate the mall during the week.

The adjacency of the mall to the convention center benefits both facilities. The mall offers amenities to the convention center attendees who do not even need to walk outside to reach the mall. The convention center attracts people to the mall who are looking for places to shop and eat.



Financing Case Studies



In the United States, cities usually finance the construction of convention and conference facilities with tax-exempt public debt, which is repaid over a 20- to 30-year period. Cities justify public investment based on the potential economic impact of a project or because it represents the development of a community asset with broad support that would not be developed without public spending.

Relatively small projects or projects that municipalities finance with rapidly growing tax bases are sometimes paid for directly out of appropriated funds. However, this type of pay-as-you-go financing is not common for large projects. In Sonoma County, as in most cities, the difficulty of providing sufficient revenues to pay for the entire project during the construction period effectively eliminates the pay-as-you-go option.

The types of bonds used for projects depend on the size of the investment, lending rates, the creditworthiness of the borrowing entity, and the availability of revenue sources to repay the debt. The mix of revenue sources selected for projects depends on the comparative level of existing taxes or fees and what is considered fair and feasible under each development's unique political and economic circumstances.

Most facilities have been funded through the issuance of long-term debt so that the payment of capital costs corresponds to the period over the facility's useful life, and associated public benefits are realized. Cities typically structure the debt through bonds or other municipal debt instruments. One approach to reduce interest expense is to repay debt using specific taxes or general fund revenues, backed by the full faith and credit of the issuer. Due to the backup pledge of full faith and credit of the issuer, these are considered general obligation bonds.

Governments, authorities, or public benefit corporations may issue revenue bonds, which are repaid from specific tax sources and do not have a general claim on public resources. For convention and conference center projects, cities often use taxes or fees from activities or businesses that are most likely to use or otherwise benefit from the facility. Hotel room occupancy taxes, sales taxes, car rental fees, parking taxes, prepared meal taxes, airport access fees, and development fees are the revenue sources commonly used to repay debt service for revenue bonds. In addition, cities frequently use these tax sources to finance the facility's ongoing operating and marketing needs.

Monterey Conference Center

- The Monterey Conference Center was built in 1977 and was renovated most recently in 2015. The newly renovated facility opened in January 2018. The renovation cost \$60 million and was paid for by bonds supported by transient occupancy tax collections within a Conference Center Facilities District (“CCFD”)
- The renovation was funded using the Mello-Roos Community Facilities Act of 1982. The City Council approved the CCFD levying a special tax to fund the development of the conference center.
- The owners of Visitor Accommodation Facilities (Hotel, Motel, and Inn Owners) voted to enable the City Council to levy the special tax on the district. 90.8% of hotel owners voted in favor of the tax increase
- The district funds any improvement to the Monterey Conference Center.
- The lack of a distinct project or improvement enables the district or facility to avoid any California Environmental Quality Act review.



The tax rate within the CCFD varies by proximity to the Conference Center and type of hotel, as defined by Smith Travel Research.

Hotel Property	Special Tax Rate
Adjacent Hotel	4.15% of all Rent
Full Service Hotel	1.6% of all Rent
Limited Service Hotel	0.8% of all Rent

Annual collections of the CCFD generate approximately \$5 million in tax revenue per year. This dropped during the COVID-19 pandemic, which illustrates the potential risk of this financing approach.

Year	CCFD Collections
2019	\$5,114,897
2020	\$1,894,443
2021	\$4,359,552
2022	\$5,762,792
2023*	\$5,488,926

* Does not include December collections

Source: Monterey CCFD

South San Francisco Conference Center

HVS

- The South San Francisco Conference Center was built in 1993 and most recently renovated in 2019.
- The South San Francisco Conference Authority governs it. This board is made up of 9 commissioners that represent hoteliers, the City Council, and the local community.
- The Conference Authority controls the revenue generated by a \$2.50 surcharge on all hotel room nights, citywide. This surcharge is specifically used to fund the Conference Center operations and renovations.
- This differs from Monterey because it is a flat rate, not a percentage of the total rent, and is levied on all room nights within South San Francisco, not just in proximity to the conference center.



The room surcharge generated more than \$2 million in revenues pre-COVID-19, with collections nearly returning to that level in fiscal year 2023, which ran from July 2022 to June 2023.

Year	TOT Collections
FY 2018	\$2,150,818
FY 2019	\$2,248,066
FY 2020	\$1,794,405
FY 2021	\$1,385,545
FY 2022	\$1,817,344
FY 2023	\$1,936,096

Source: South San Francisco CAFR

Modesto Centre Plaza

- The Modesto Centre Plaza opened in 1989.
- The land the facility was built on was acquired using the City general fund.
- Construction was paid for using increment financing issued by the Modesto Renewal Agency
- The renewal agency used the Centre Plaza to stimulate further development in downtown Modesto
- The renewal agency went bankrupt in 2013, and the property, among other things, was sold to the City of Modesto to operate as is.
- The current facility operates with an annual subsidy from the City General Fund.
- Discussions to add an additional hotel adjacent to the Centre Plaza are ongoing
- Additional hotel development would enable the facility to attract more events and larger groups and increase operating revenues.



Salem Convention Center

- The Salem Conference Center opened in 2005 and was renamed to the Salem Convention Center in 2012.
- The facility cost \$32 million to build.
- The Convention Center is in a downtown urban renewal district that can issue bonds based on increases in the assessed value of land in the district, also known as tax increment financing. Urban renewal bonds were issued to pay for most of the construction.
- Section 108 Housing and Urban Development Loans (\$7.9 million) were also used to pay for construction.
- The revenue bonds were paid off in 2018.
- A 193-room hotel opened at the same time as the Convention Center and is attached to the facility.
- A hotelier paid for the hotel to be developed on its own.
- The parking garage is operated through a PPP that shares parking revenues.



Convention Center Feasibility



Convention Center Feasibility



As previously mentioned, convention centers rarely generate enough revenue to fund the cost of construction through income from facility operations. Cities usually finance the construction of convention and conference facilities with tax-exempt public debt, which is repaid over a 20- to 30-year period. Cities justify public investment based on the potential economic impact of a project or because it represents the development of a community asset with broad support that would not be developed without public spending.

HVS estimated the level of public investment required to fund the construction of the Sonoma County Convention Center.

Convention Center Feasibility Methodology



HVS estimated the construction cost for the convention center based on the program provided by 10SB. HVS then estimated the amount of revenue that could be generated by creating a Business Improvement District (“BID”) in Sonoma County. The assessment revenues, as well as allocations from the City of Santa Rosa TOT revenues, Santa Rosa BIA revenues, and lump sum contributions from the Metro Chamber and City.

HVS assessed the capacity of the BID to support a bond issuance, the proceeds of which would support the capital costs of the project. The BID would apply a graduated assessment on hotel room revenues where hotels that are closer to the convention center are assessed higher rates than hotels that are further from the convention center. This is a similar structure to the funding of the Monterey Convention Center. The creation of the BID would be subject to approval by the businesses affected by the assessment. Creation of the BID requires the support of 51% of hoteliers within the district.

To estimate financing capacity, HVS made certain assumptions regarding interest rates, the period of debt amortization, and the revenue needed to repay debt. This analysis does not constitute a financing plan. Our assumptions are preliminary and do not reflect an analysis of the credit quality of the debt issuance, sources of credit enhancement, or its impact on Santa Rosa’s credit rating. We recommend further analysis by a qualified financial advisor who would formulate a financing plan.

Estimated Cost of Construction



HVS, 10SB and Sonoma County Tourism put together these cost estimates based on the following assumptions:

1. 10% Contingency fee included on costs noted.
2. Costs include legal, financing, risk management, environmental assessments, engineers and architects, permits, drawings and licenses.
3. Assumed 2-year construction time frame.
4. \$570/sq ft construction cost plus contractor and management fees.
5. FFE costs at \$25/sq ft plus additional for culinary kitchen plus additional costs for design, art and coordination.
6. Financing costs included based on assumption of tax-exempt revenue bond or similar style funding.
7. Staff including for 2 years before operations commence.
8. Reserve calculated to cover 1 year of debt service and operational costs.
9. Includes costs to cover deficit once operational until breakeven point is met.

Note: Costs are estimates based on assumptions, current conditions, and other factors gathered by local developers and project partners.

Item	Cost
Costs	
ERN/Due Diligence	\$552,500
Organizational Costs	64,400
Pre-Construction	5,962,750
Public Fees	1,690,500
Taxes & Insurance	903,756
Construction	53,508,880
FF&E	3,972,041
Financing	5,720,000
Other Management	1,235,000
Reserves	5,300,424
Total Costs	\$81,610,251

Source: 10SB, SCT

Annual Bond Payments



Item	Amount
Bond Principal	\$60,000,000
Rate	4%
Interest	\$2,400,000
Interest and Principal - Annual Payment	\$3,794,424
Debt Service Coverage Needed*	\$4,932,751

**Assumed 1.3 coverage ratio for debt service payments*

HVS assumed that a \$60 million bond principal would be taken out to pay for the cost of construction. Funding to cover the additional \$21 million in costs would come from additional grants, assessment revenues, and other sources.

HVS used a 4% interest for tax-exempt municipal debt. Based on the cost of construction and land acquisition for the convention center, HVS calculated the principal and interest payments required for a thirty-year period.

Based on the annual bond payments, HVS calculated the amount of revenues available for debt service coverage at a 1.3 coverage ratio. This is the preferred amount of coverage for debt service. Approximately \$4.9 million in annual revenues are needed to cover the bond payments.

Estimated BID Hotel Revenue



Hotel Tier	Estimated ADR	Rooms	Occupancy	RevPAR	Rate	Total Revenue
Tier 1 Hotel	\$200	250	75%	\$150	4.30%	\$588,563
Tier 2 Hotels	\$200	584	75%	\$150	2.55%	\$815,337
Tier 2 Hotel*	\$200	100	75%	\$150	2.55%	\$139,613
Tier 3 Hotels	\$150	1500	75%	\$113	1.40%	\$862,313
Total						\$2,405,825

**Anticipated New Hotel Development*

A combination of three tiers of hotels, based on proximity to the convention center site, combine to generate more than \$2.4 million per year in additional revenues.

These hotel market parameters, including ADR, Occupancy, and RevPAR differ from previous HVS projections as these take into account hotels outside the Santa Rosa market area and into unincorporated Sonoma County.

Bond Debt Service Sources



Funding Source	Amount
Santa Rosa Tourism District	\$600,000
Sonoma County Tourism District	\$1,000,000
City of Santa Rosa	\$1,250,000
New Graduated Hotel Assessment Revenues	<hr/> \$2,405,825
Total	\$5,255,825

In addition to the assessment revenues shown on the previous slide, HVS assumed three additional sources of funding would contribute to debt service. These include payments from the Santa Rosa Tourism District, the Sonoma County Tourism District, and the City of Santa Rosa.

There are a total of \$5.2 million in revenues able to cover the \$4.9 million annual debt service payments.

Convention Center Financing



Our financing capacity estimates show that a BID has the potential to support site acquisition and development of the proposed convention center in Santa Rosa. These estimates are preliminary and do not reflect a detailed financing plan. No fiduciary decisions should be made based on our analysis. We recommend that a qualified financial advisor be engaged to formulate a financing plan.

HVS is not a municipal advisor and is not subject to the fiduciary duty set forth in section 15B(c)(1) of the Act (15 U.S.C. 78o-4(c)(1)) with respect to the municipal financial product or issuance of municipal securities.

The projections for the BID assessment use reasonable assumptions and trusted data sources to project hotel and restaurant revenues in Santa Rosa. Projections show smooth growth over time. However, event demand and booking cycles do not always run smoothly. Unpredictable local and national economic factors can affect businesses. Event demand often moves in cycles based on rotation patterns and market conditions. Therefore, HVS recommends interpreting the demand projections as a mid-point of a range of possible outcomes over a multi-year period rather than relying on projections for any one specific year.

Assumptions and Limiting Conditions

1. This report is to be used in whole and not in part.
2. No responsibility is assumed for matters of a legal nature.
3. We have not considered the presence of potentially hazardous materials on the proposed site, such as asbestos, urea formaldehyde foam insulation, PCBs, any form of toxic waste, polychlorinated biphenyls, pesticides, or lead-based paints.
4. All information, financial operating statements, estimates, and opinions obtained from parties not employed by HVS are assumed to be true and correct. We can assume no liability resulting from misinformation.
5. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property.
6. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and only when our standard per-diem fees and travel costs are paid prior to the appearance.
7. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
8. We take no responsibility for any events or circumstances that take place after the date of our report.
9. The quality of a convention facility's on-site management has a direct effect on a facility's economic performance. The demand and financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
10. The impact analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease due to market volatility and economic forces outside the control of the facility's management.
11. We do not warrant that our estimates will be attained, but they have been developed based on information obtained during our market research and are intended to reflect reasonable expectations.
12. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded. Thus, these figures may be subject to small rounding errors.
13. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client and use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
14. Although this analysis employs various mathematical calculations, the final estimates are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
15. This report was prepared by HVS Convention, Sports & Entertainment Facilities Consulting. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of this organization, as employees, rather than as individuals.
16. This report is set forth as a market study of the subject facility; this is not an appraisal report.

Certifications



The undersigned hereby certify that, to the best of our knowledge and belief:

1. the statements of fact presented in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. we have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
4. HVS is not a municipal advisor and is not subject to the fiduciary duty set forth in section 15B(c)(1) of the Act (15 U.S.C. 78o-4(c)(1)) with respect to the municipal financial product or issuance of municipal securities;
5. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
6. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
7. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this analysis;
- 8.

DRAFT

Thomas A. Hazinski
Managing Director

Contact Information



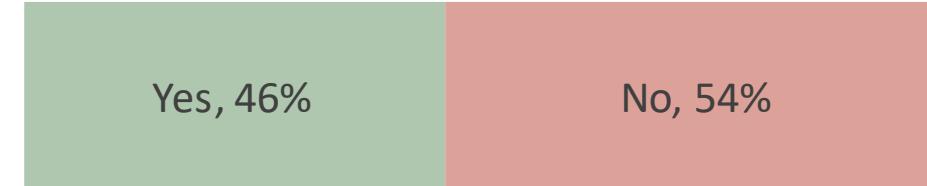
Anthony Davis
Senior Director
HVS Convention, Sports & Entertainment
Facilities Consulting
206-972-5551
adavis@hvs.com

Appendix A: Full Survey Results

Previous Use of Sonoma County as Event Destination

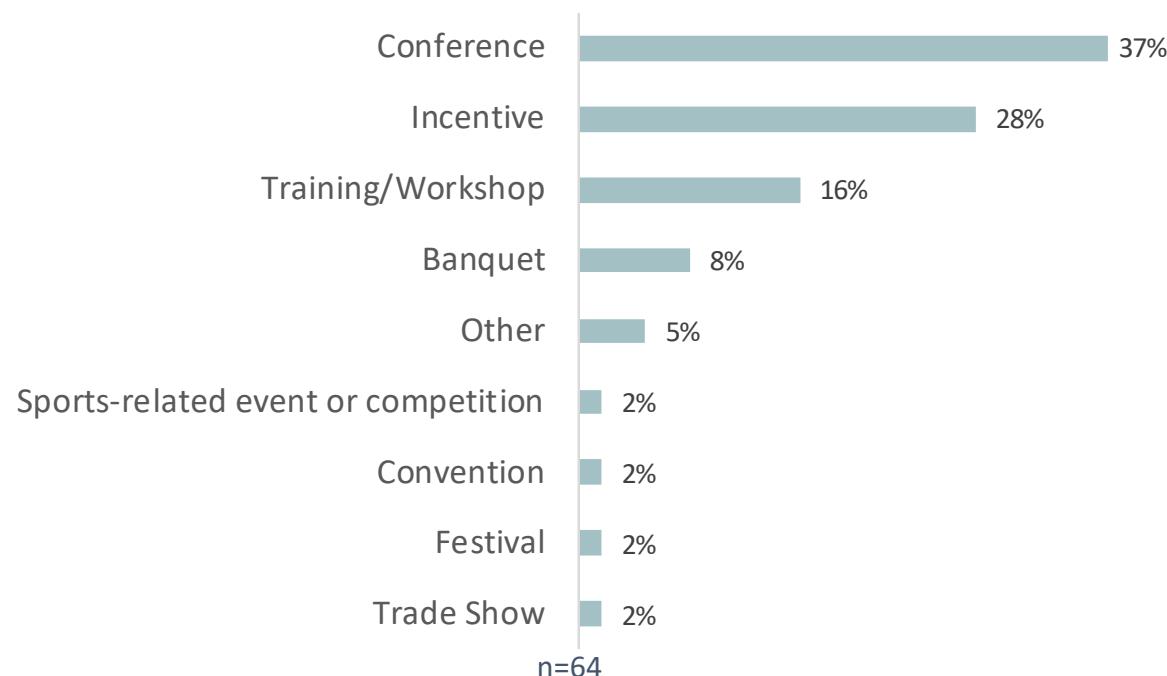
HVS

Have you held a meeting, convention, trade show, or other type of event in Sonoma County during the past five years?



n=147

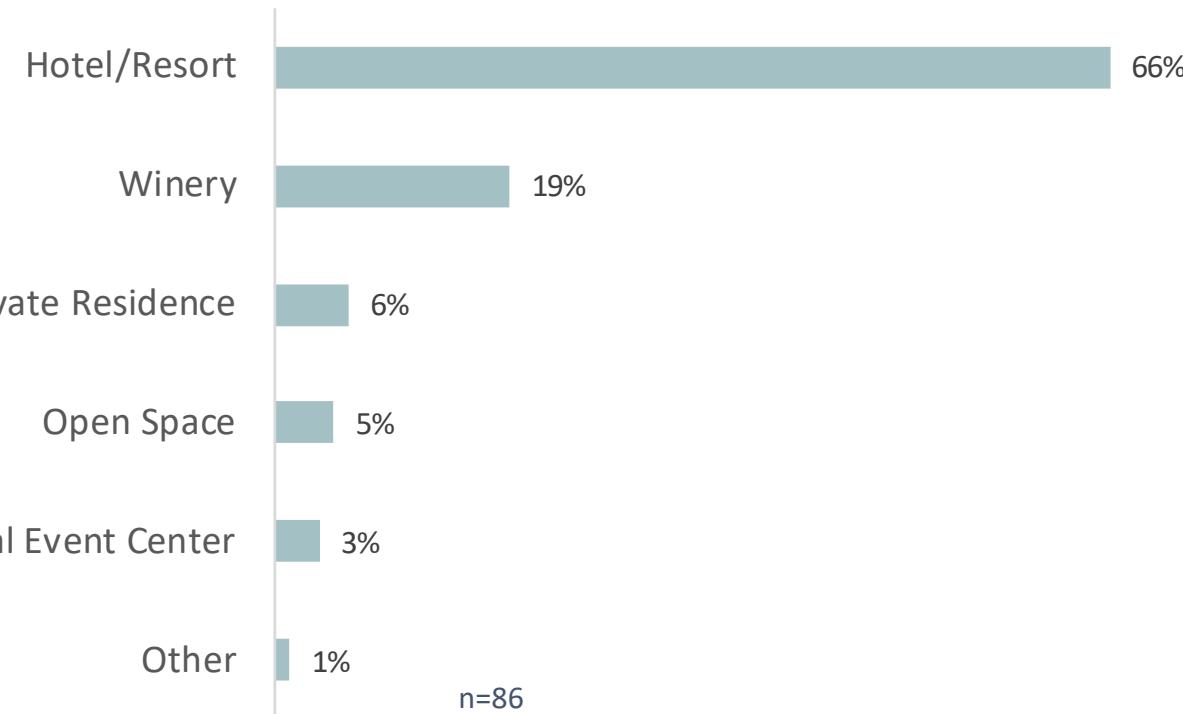
If yes, what best describes the event you held in Sonoma County?



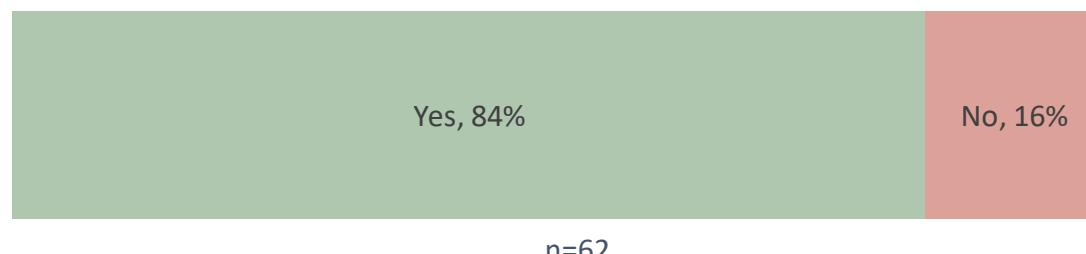
Event Location and Lodging Need

HVS

Where was your event held?



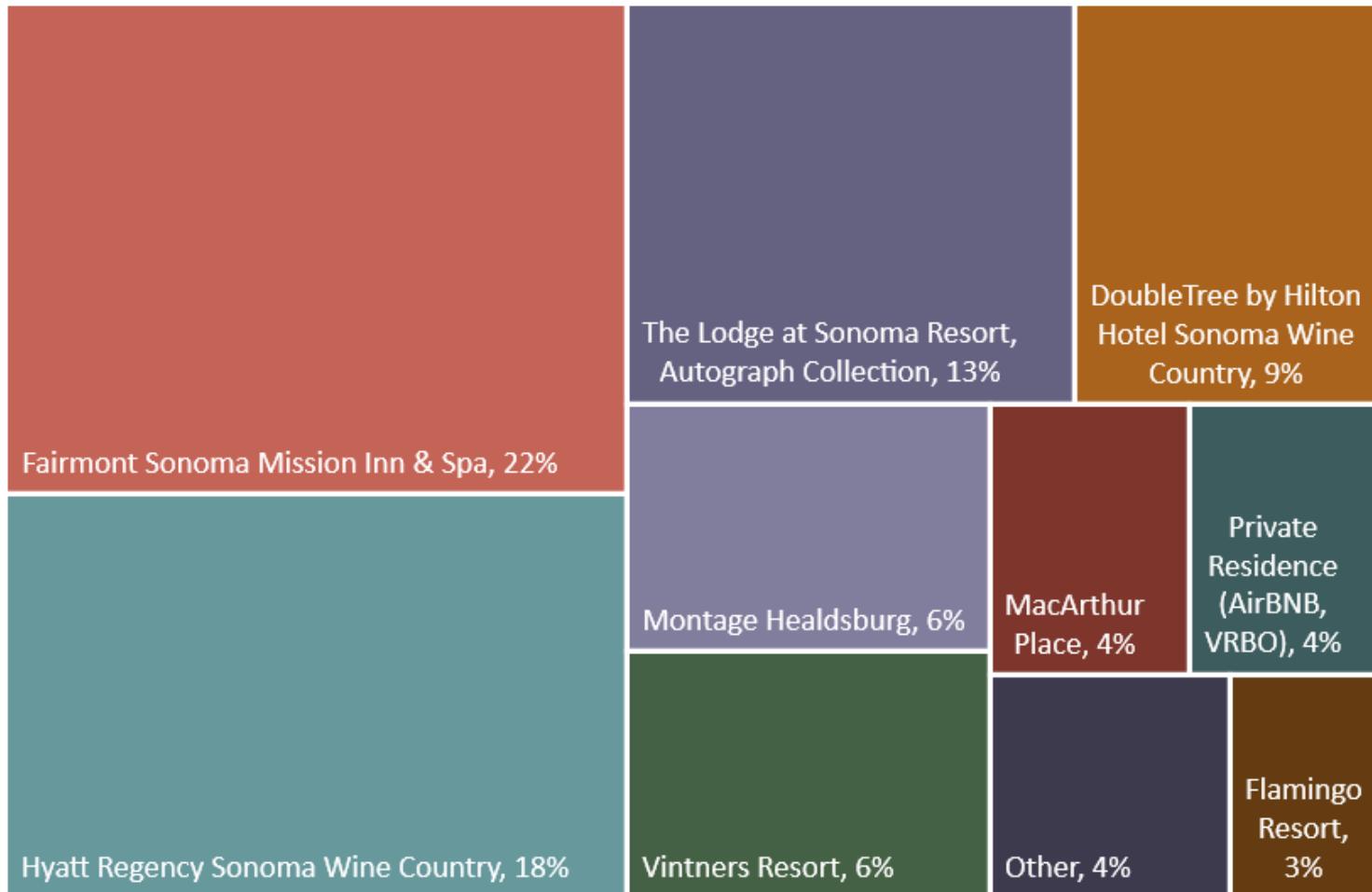
During your event in Sonoma County, did you use any area lodging?



Hotels Used for Event

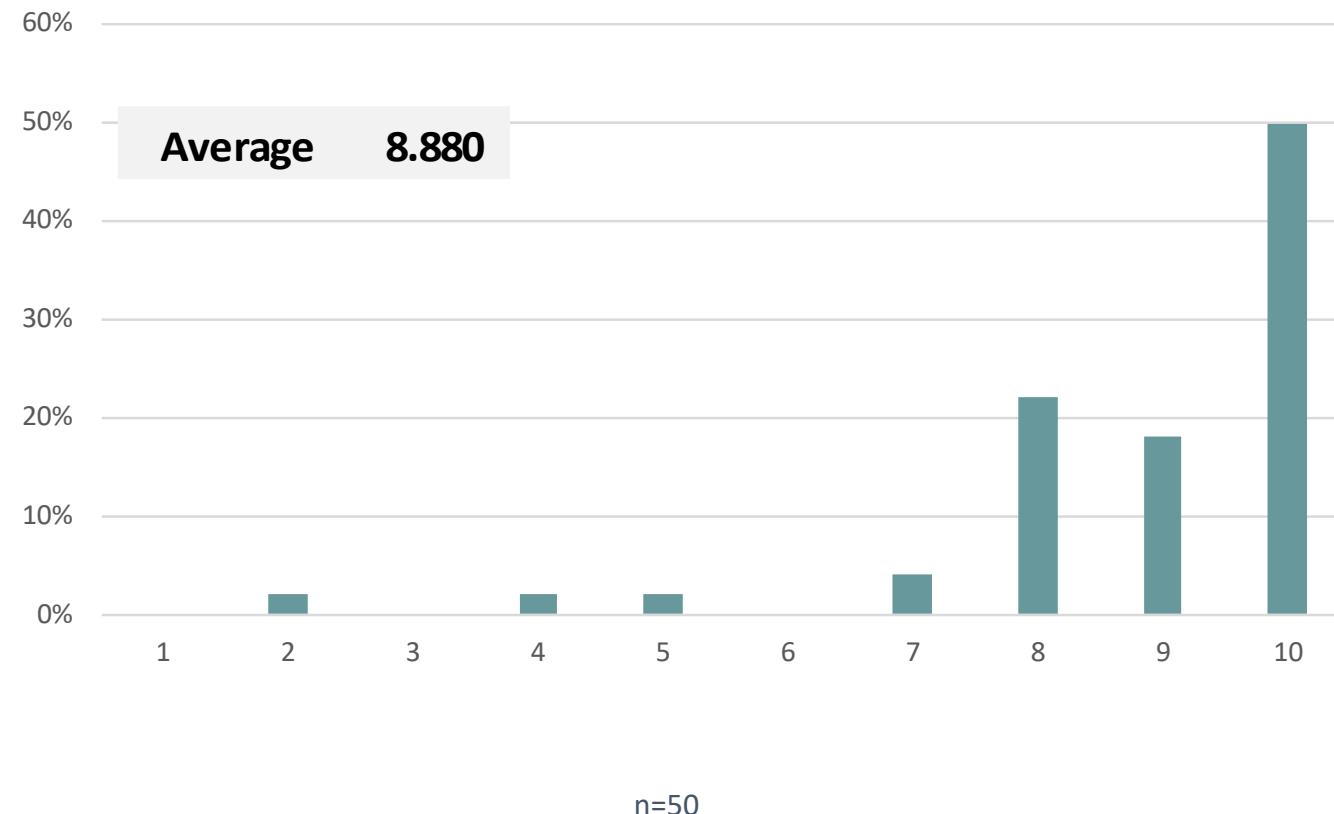
HVS

Which lodging did you use for your event?

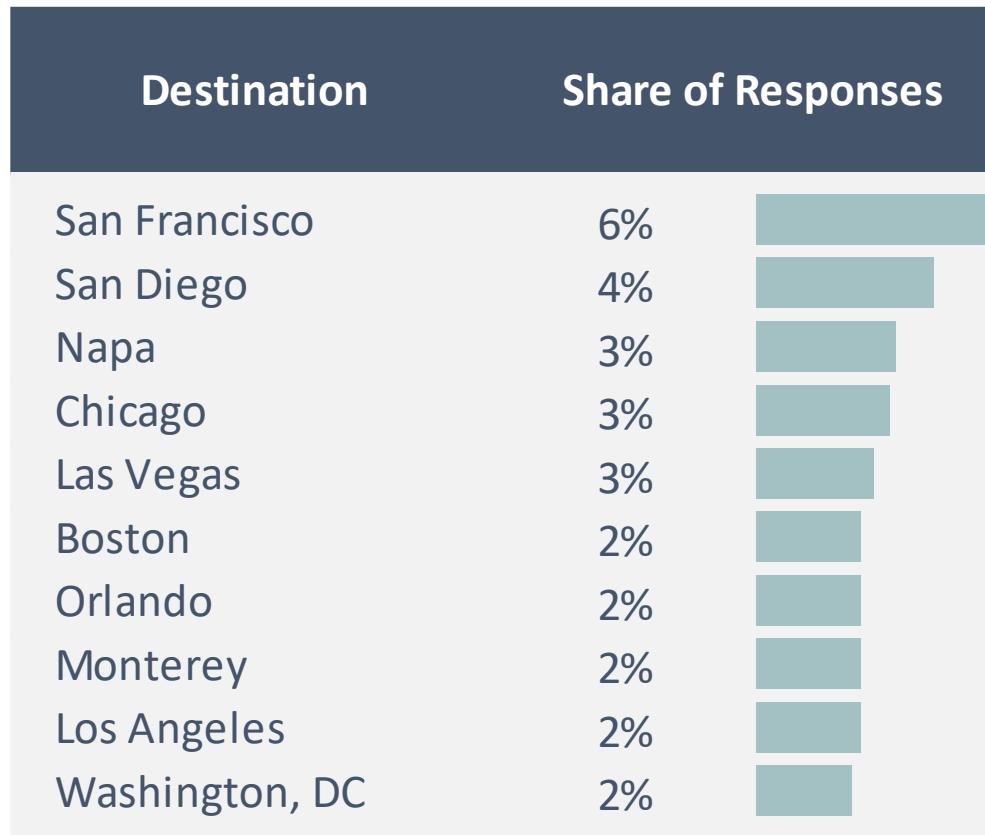


n=79

Please score your hotel experience while attending the event and its supporting facilities. (10 is highly satisfied, 1 is highly unsatisfied.



Please indicate up to five other cities where you have held an event in the past. If you have less than five to list, please respond N/A where appropriate.

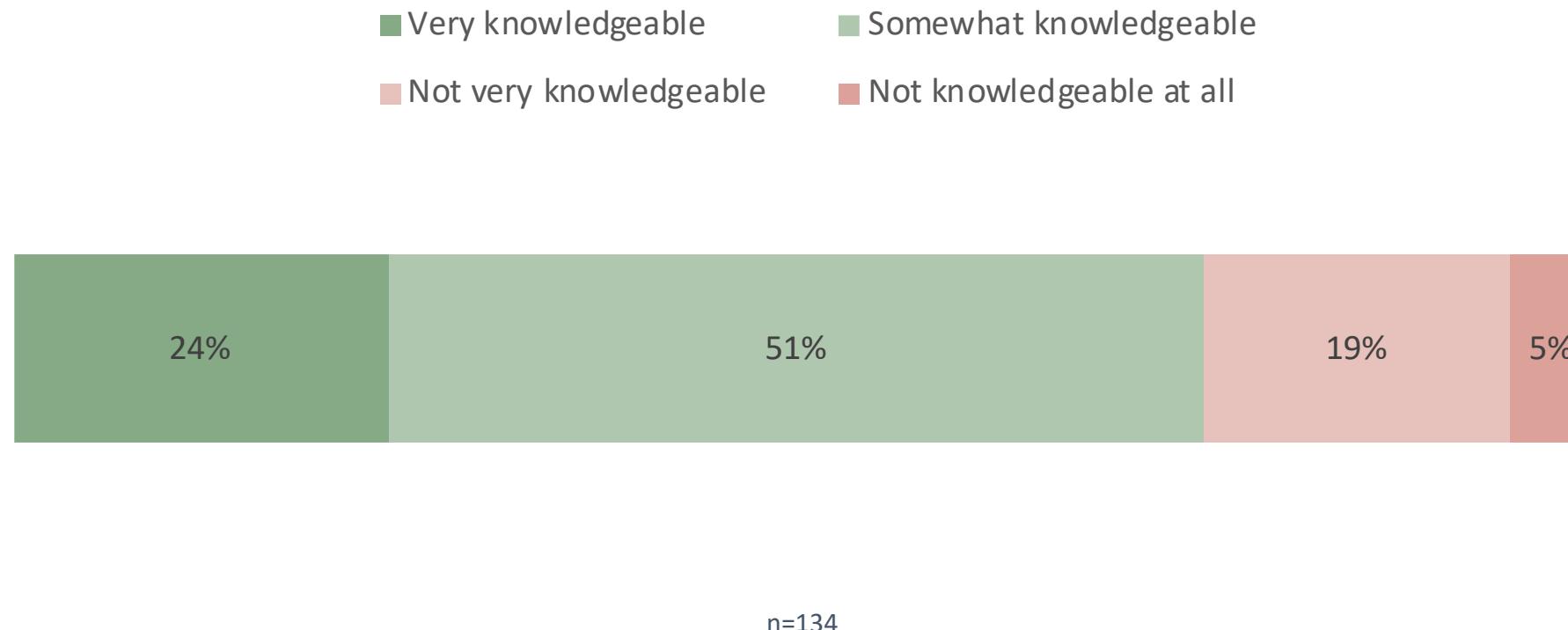


n=576

Respondent Knowledge of Sonoma County

HVS

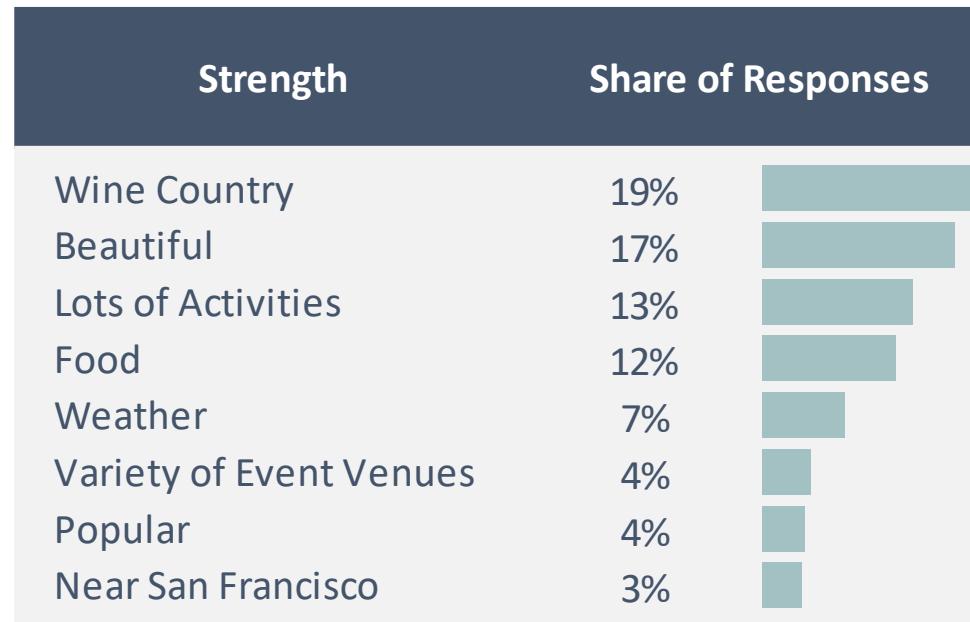
Please rate your level of knowledge regarding Sonoma County as an event destination.



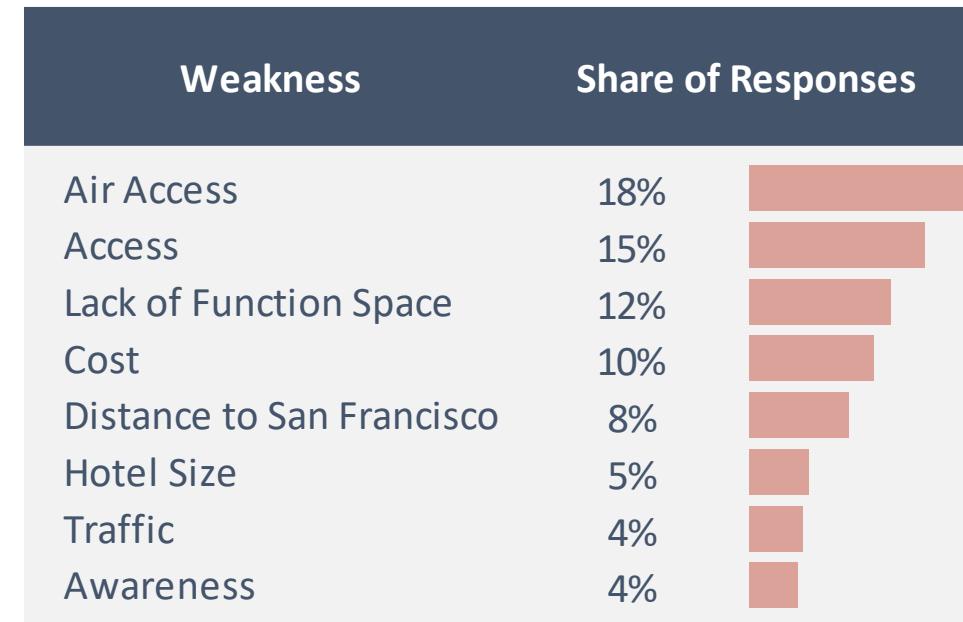
Strengths and Weaknesses

HVS

In your own words, please describe what you believe to be the key strengths and weaknesses of Sonoma County as an event destination.



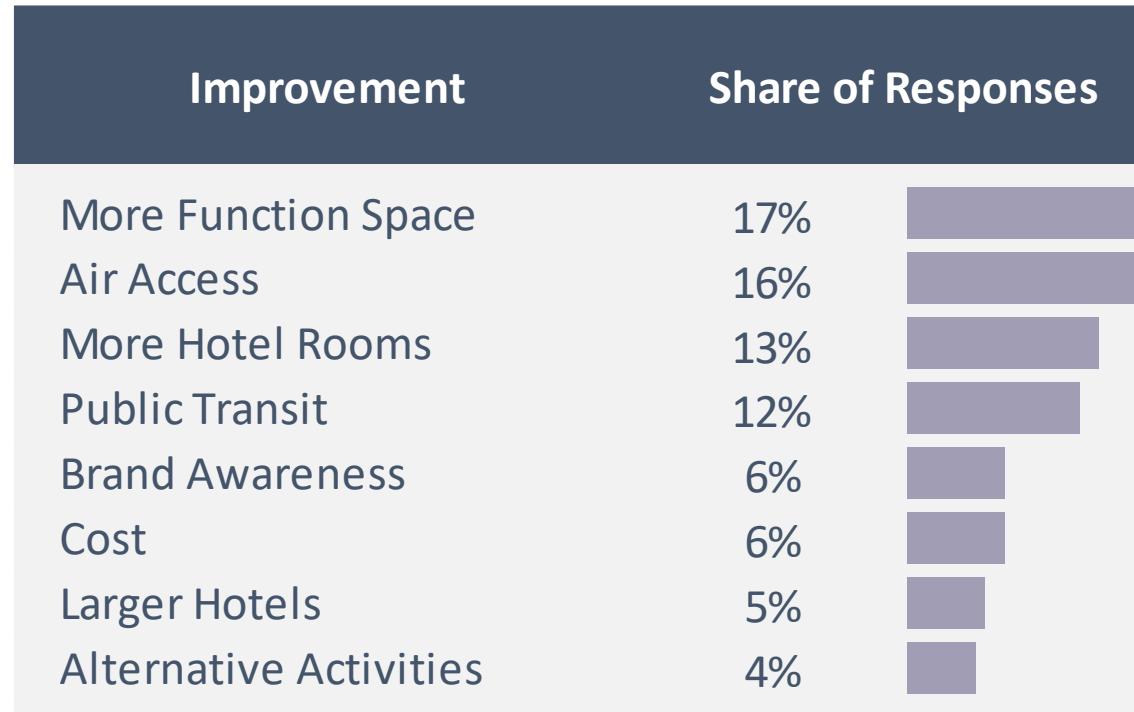
n=266



n=209

Key Improvements

Please describe what you believe to be the most important improvements to Sonoma County that would enhance the area as an event destination.

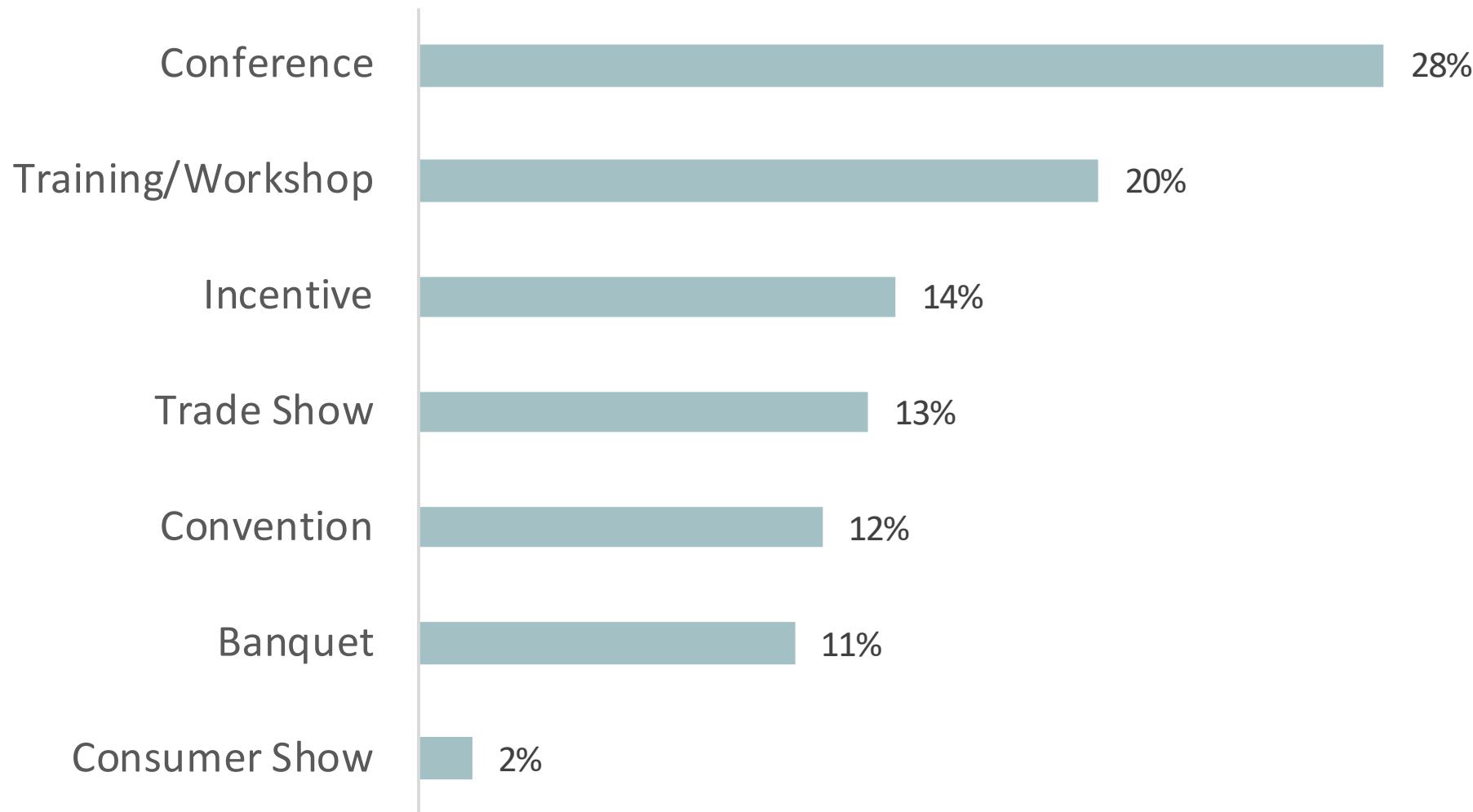


n=156

Types of Events Planned

HVS

Does your organization conduct or plan any of the following types of events (check all that apply):*

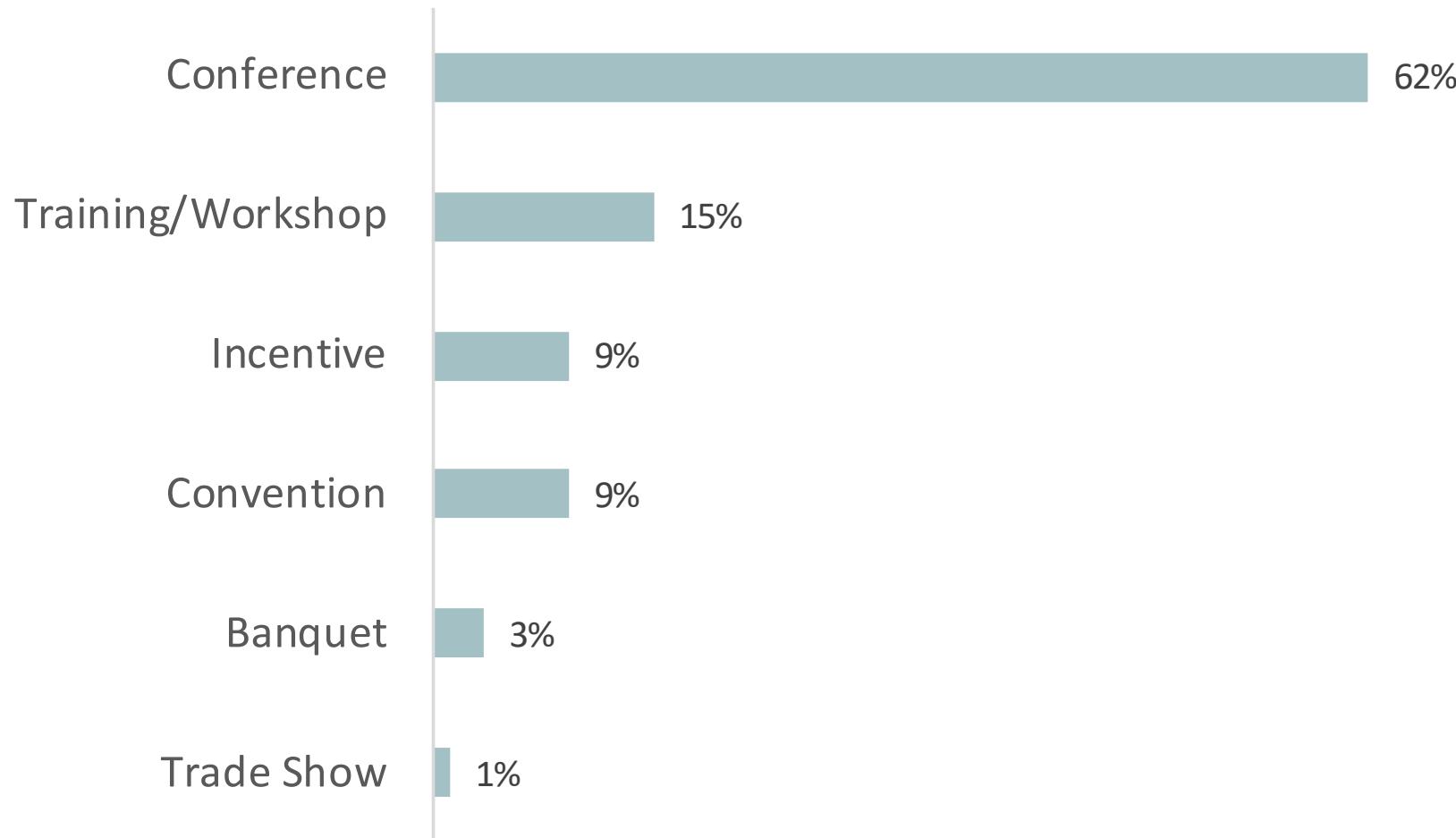


n=156

Typical Event Type

HVS

We would like to ask a few questions about a typical event that you sponsor or organize. What type of event is it?

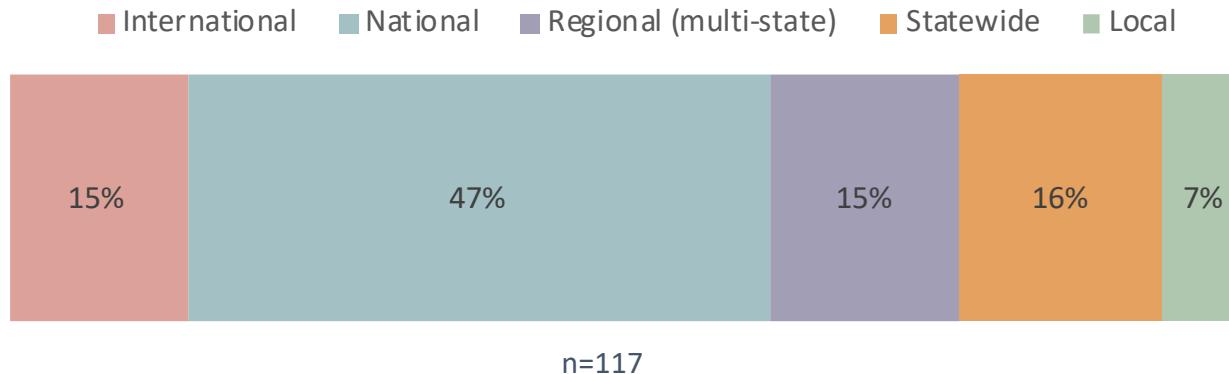


n=89

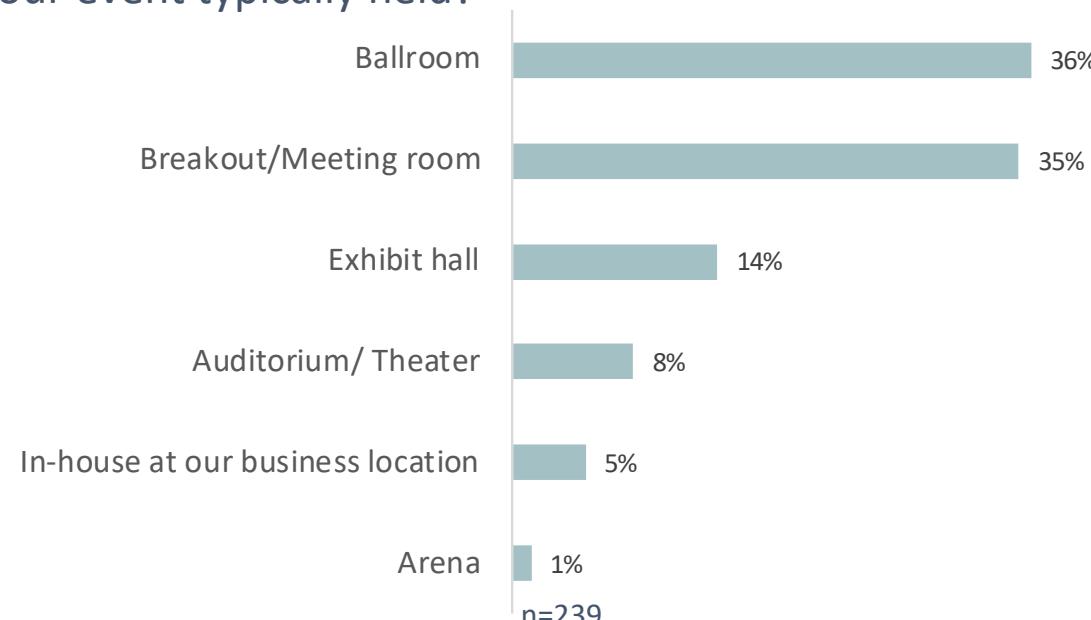
Attendee Origin and Spaces Used in Typical Event

HVS

Which category best describes the origin of attendees for your event?

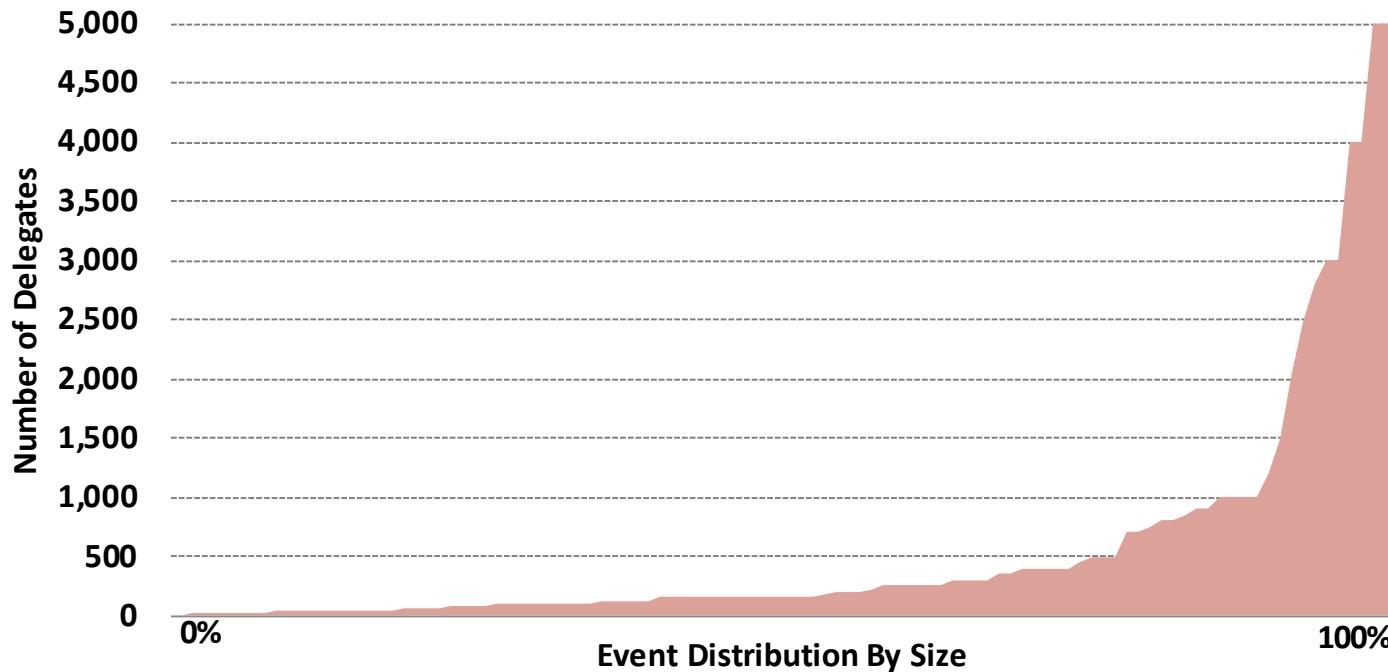


In what type of space(s) is your event typically held?



Attendees at Typical Event

Number of delegates, attendees, or participants:



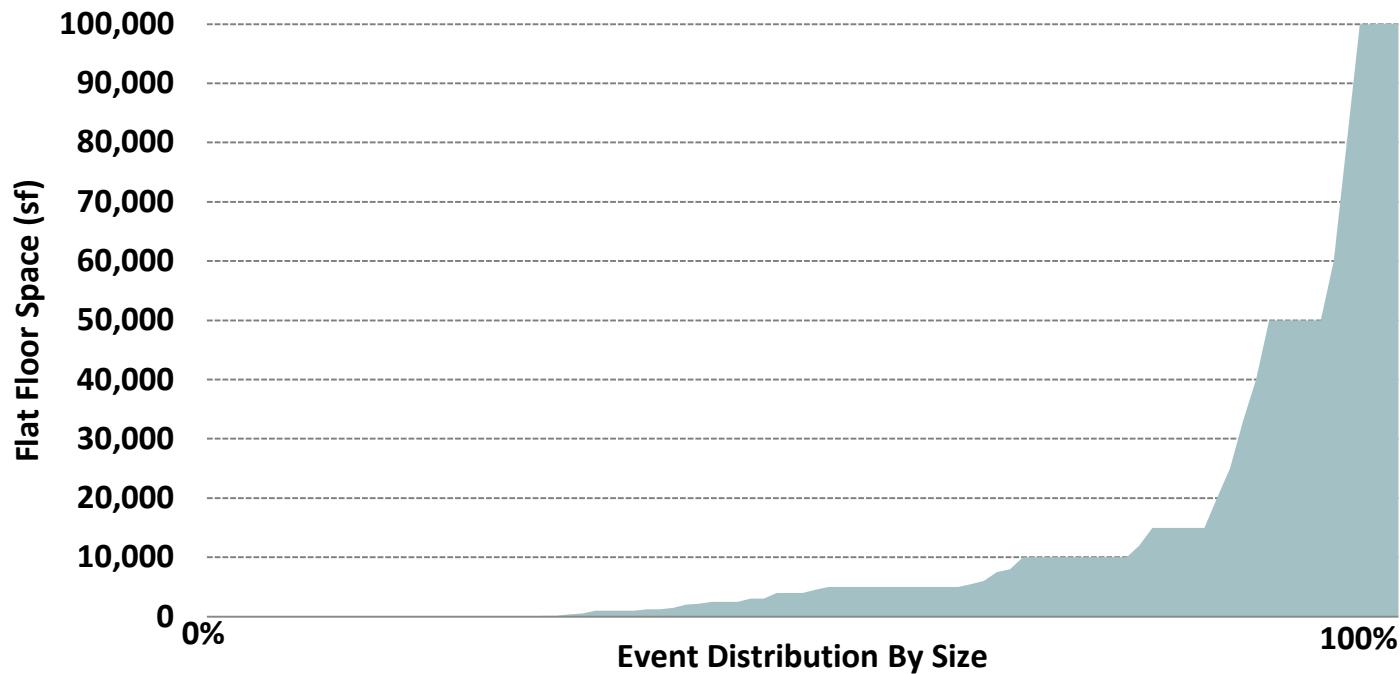
Average	639
Median	150

n=106

Exhibit Space at Typical Event

HVS

Exhibit/Flat Floor space required (square feet):



Average 16,777

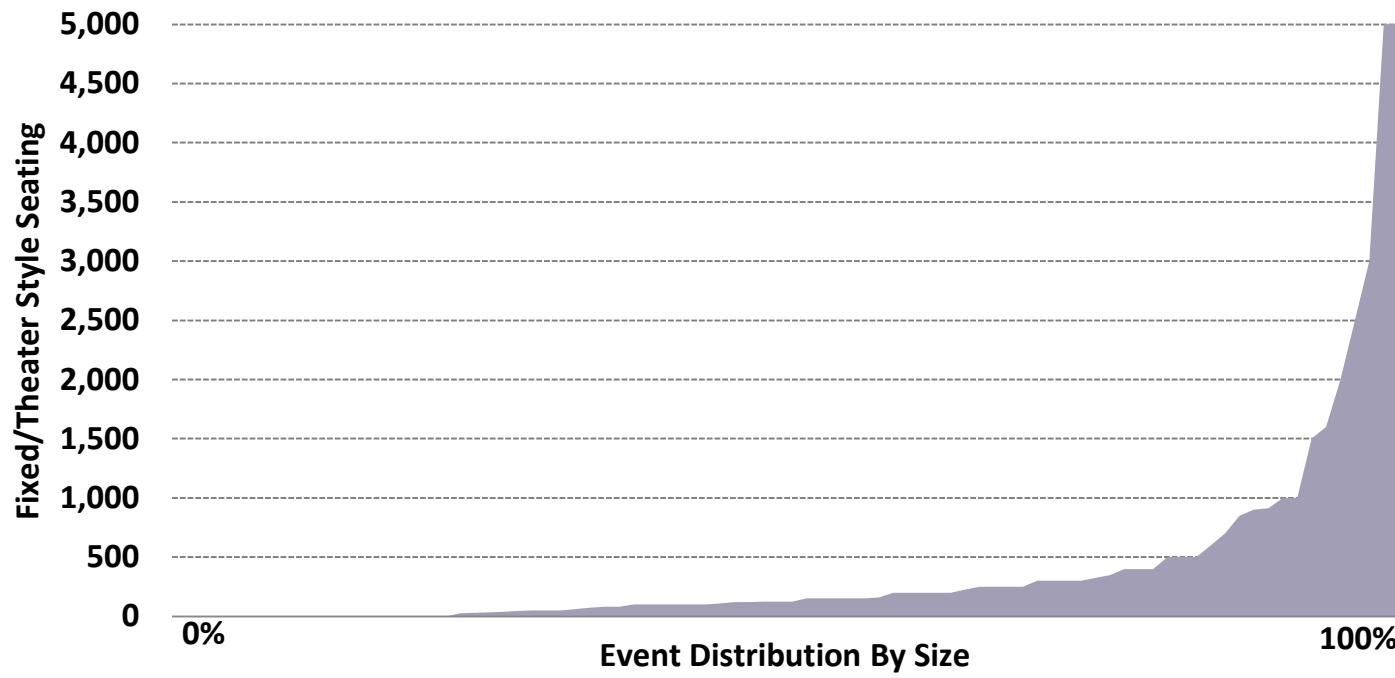
Median 4,000

n=93

Theater Seating at Typical Event

HVS

Fixed/Theater style seating capacity:

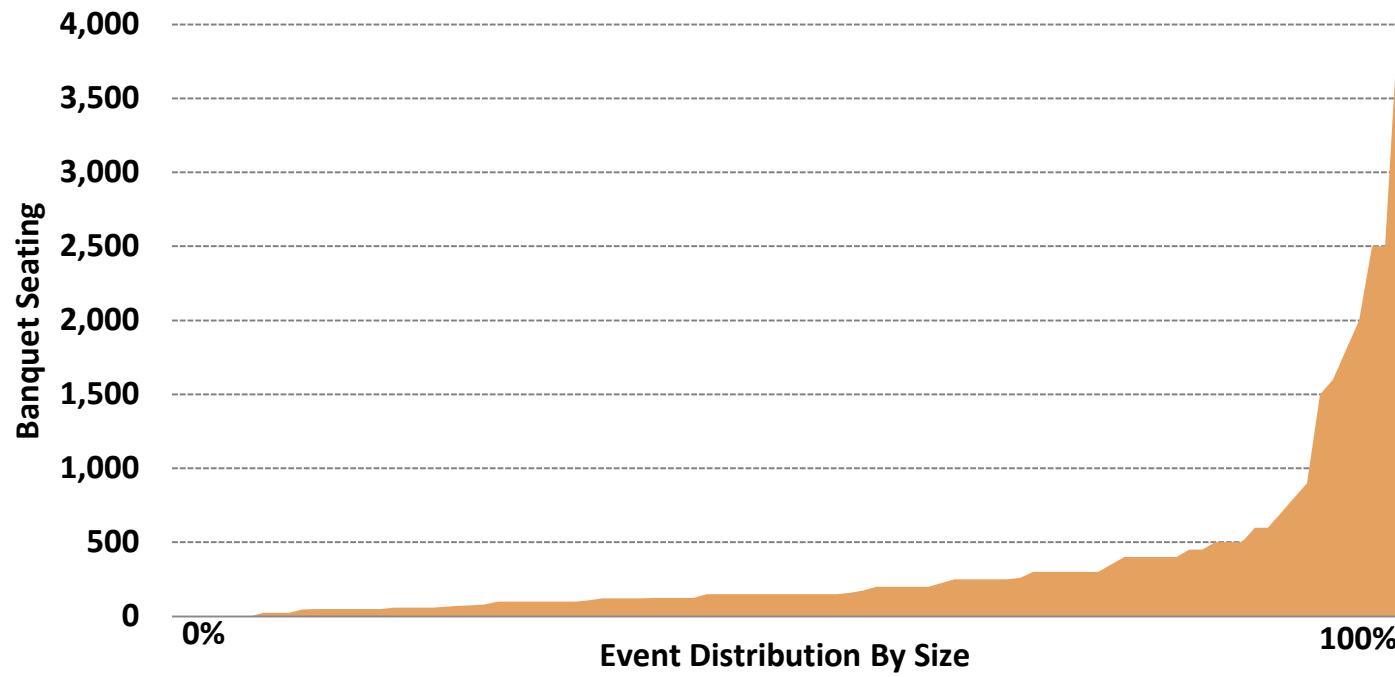


n=86

Banquet Seating at Typical Event

HVS

Banquet seating capacity:



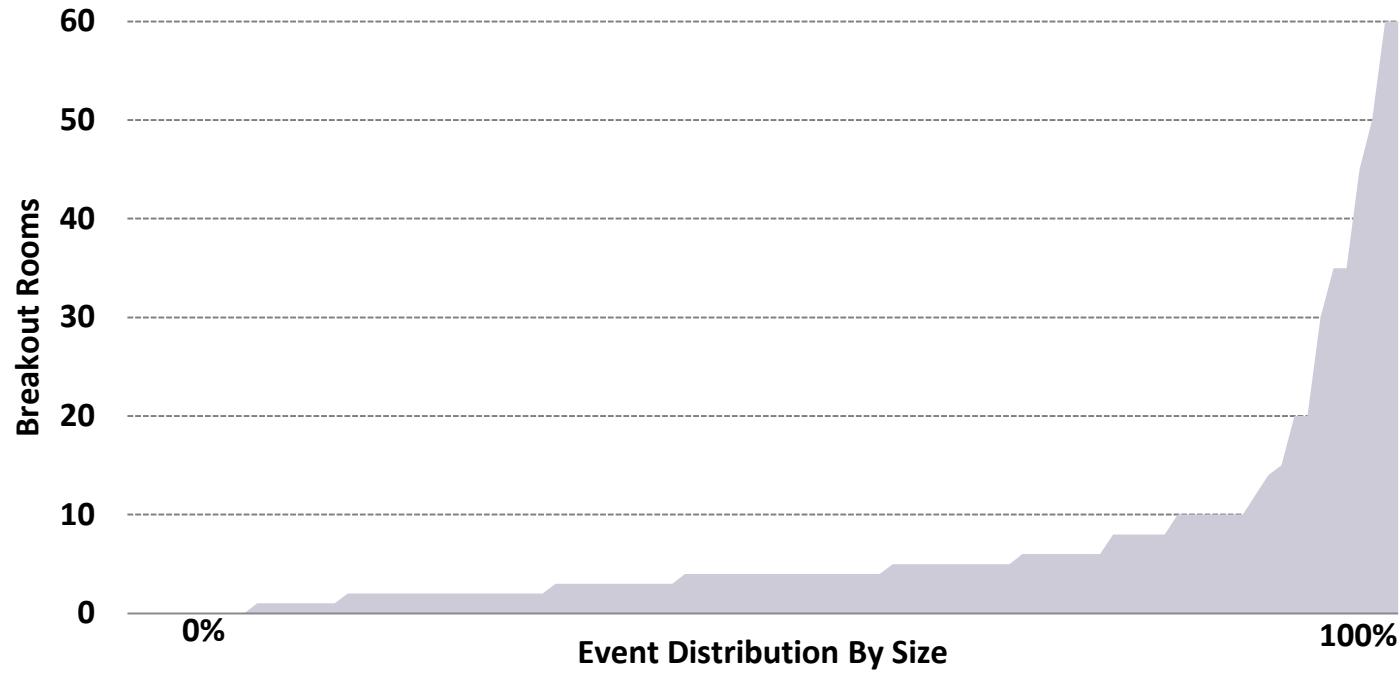
Average	654
Median	125

n=95

Breakout Rooms at Typical Event

HVS

Number of breakout meeting rooms:



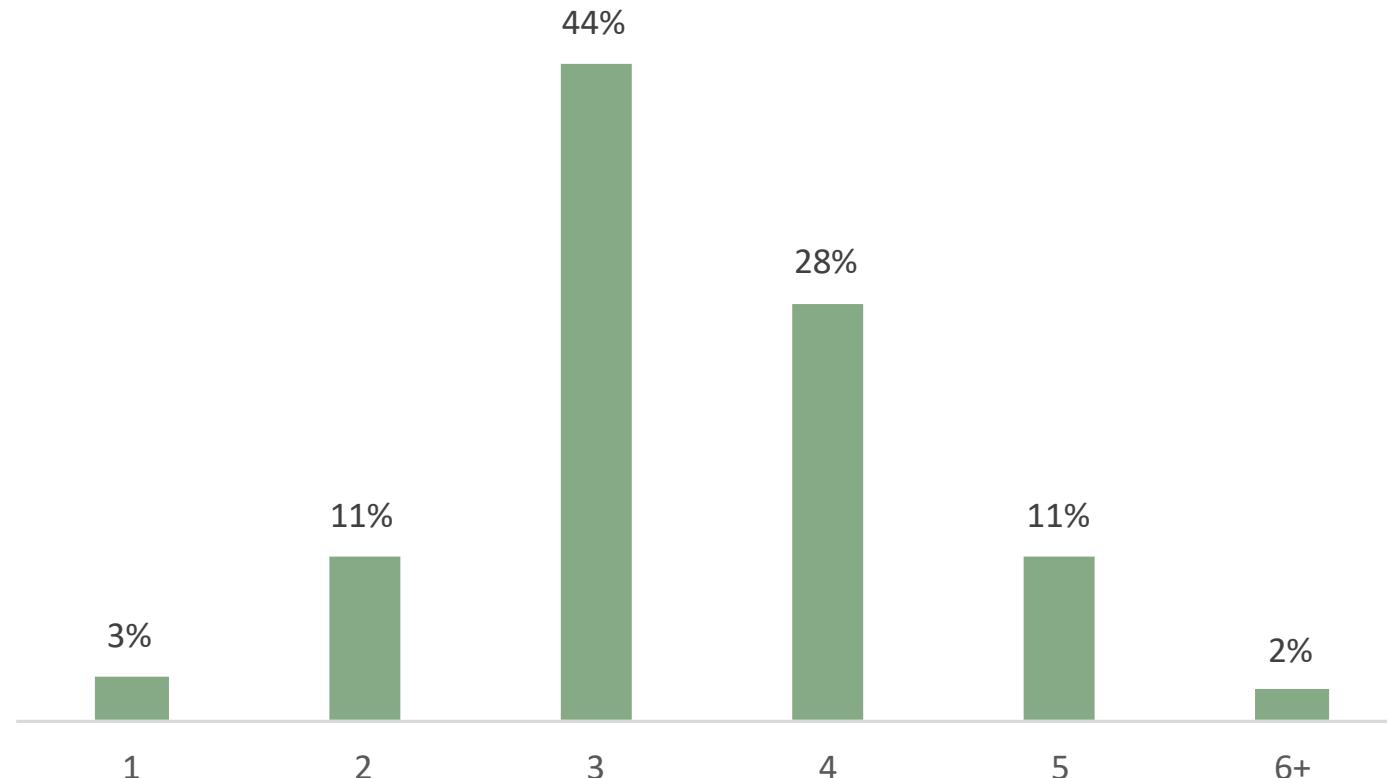
Average	7.3
Median	4

n=99

Typical Event Length

HVS

Event Length (number of days):



Average 3.4

Median 3

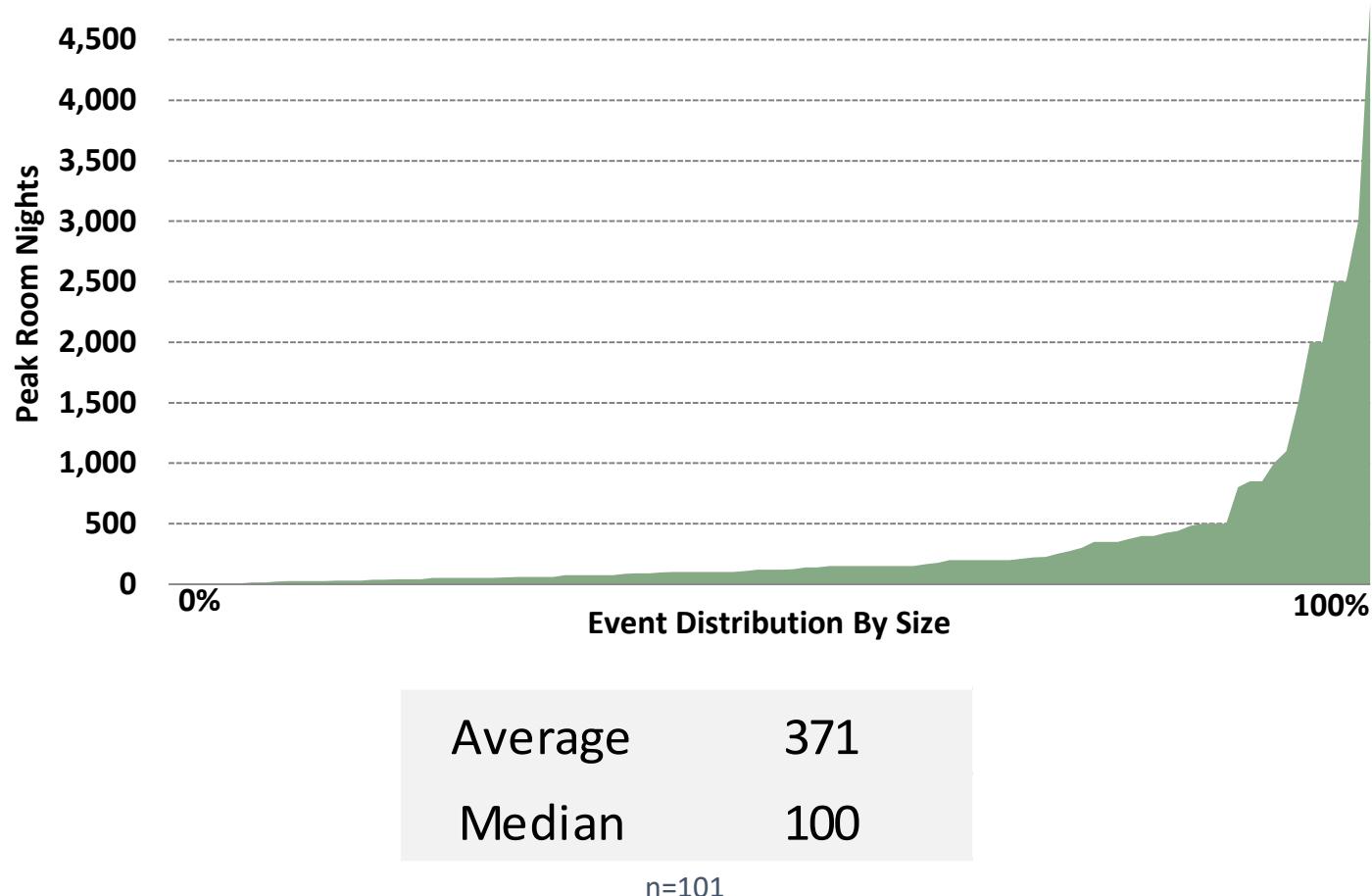
n=99

DRAFT REPORT : For Internal Discussion Only

Peak Hotel Rooms at Typical Event

HVS

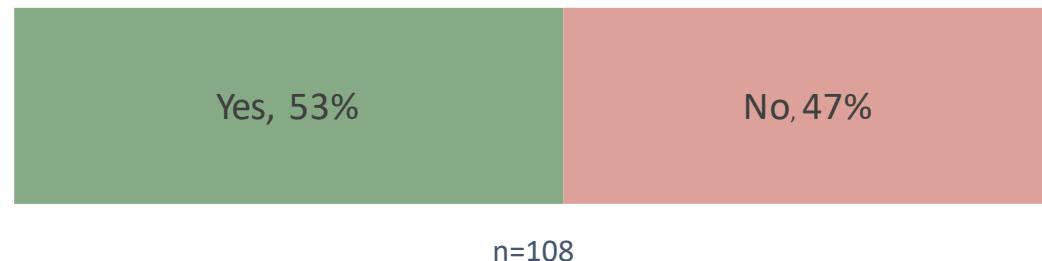
Number of Peak Hotel Rooms:



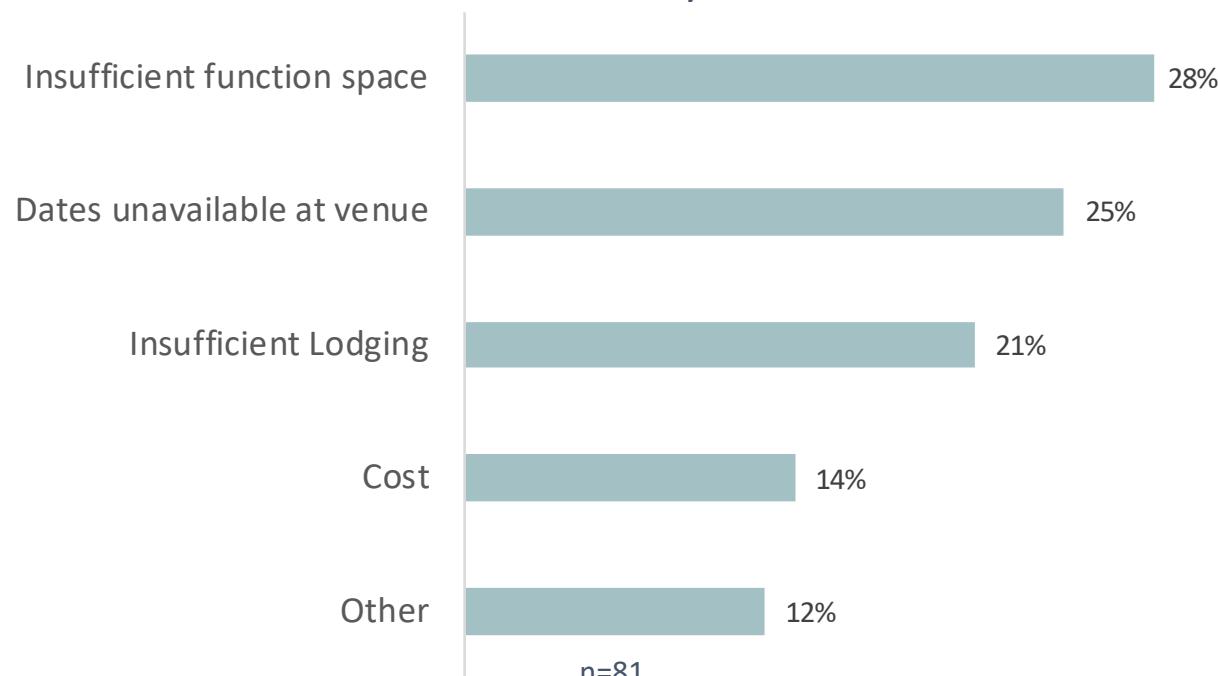
Hosting Events in Sonoma County

HVS

Have you ever wanted to host an event in Sonoma County but been unable to do so?

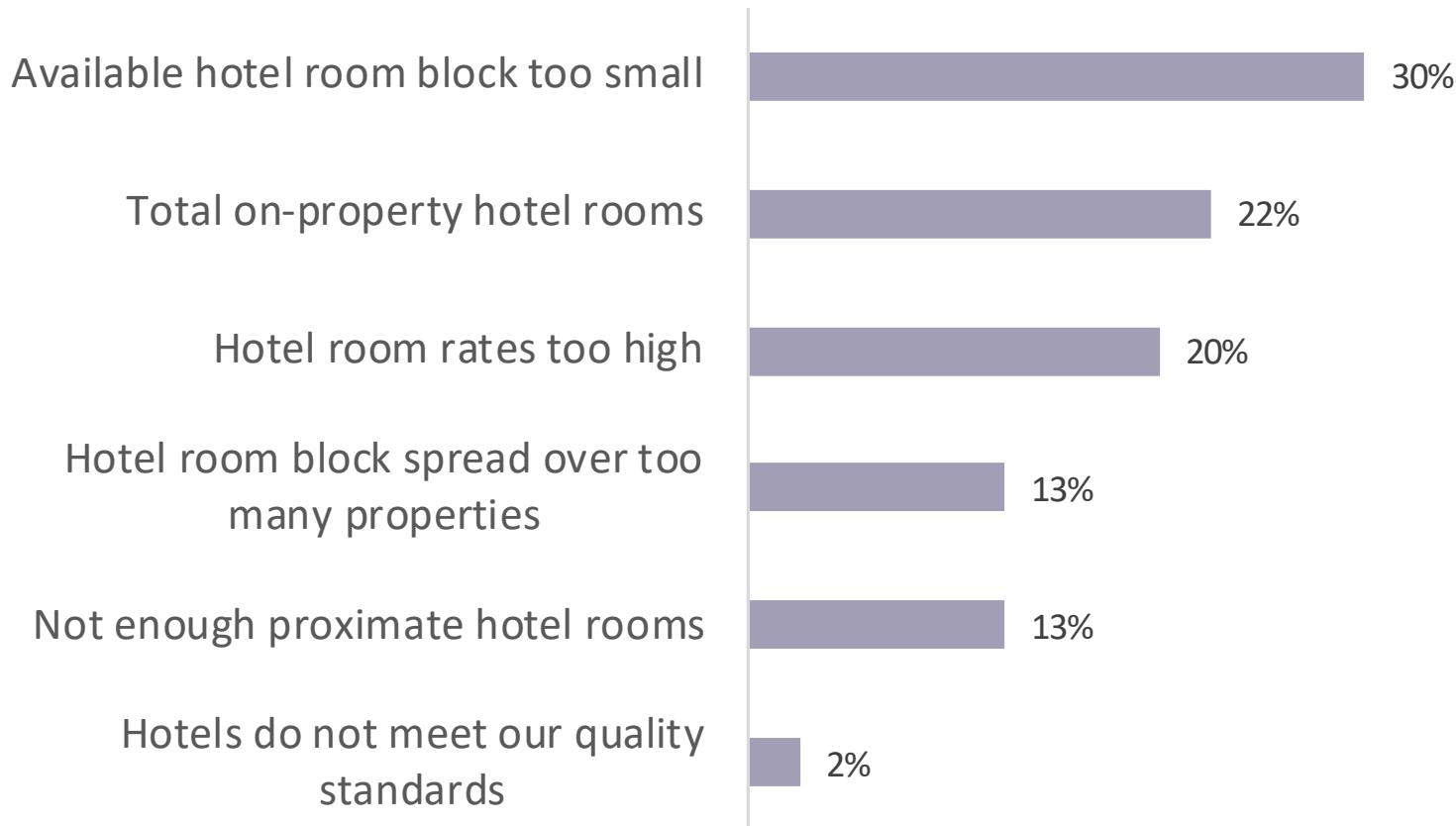


If no, why were you unable to host an event in Sonoma County?



Issues with Hotel Rooms

Please indicate the specific reasons why hotel rooms were insufficient.

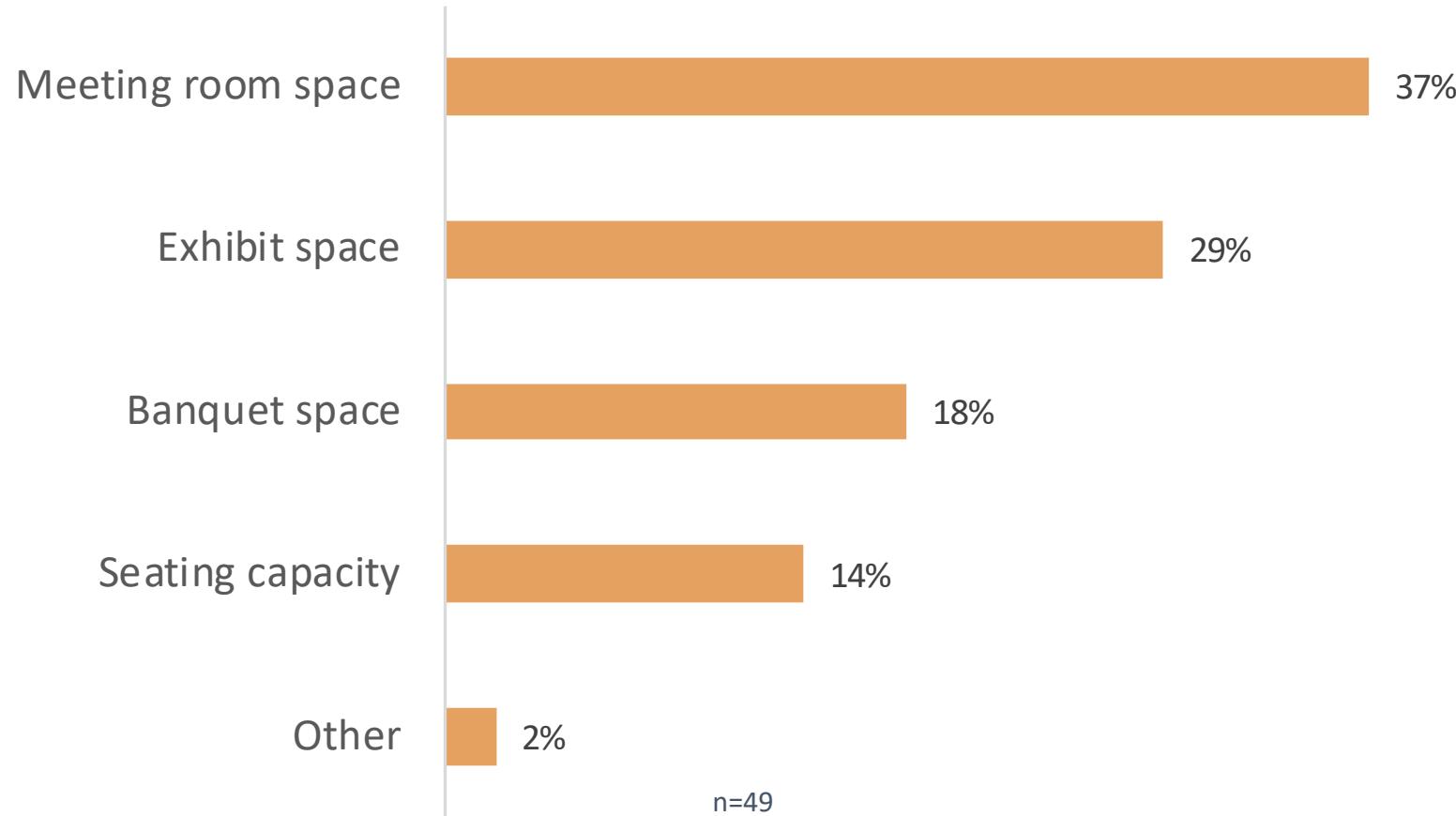


n=40

Issues with Function Space

HVS

Please indicate which type of function space was lacking

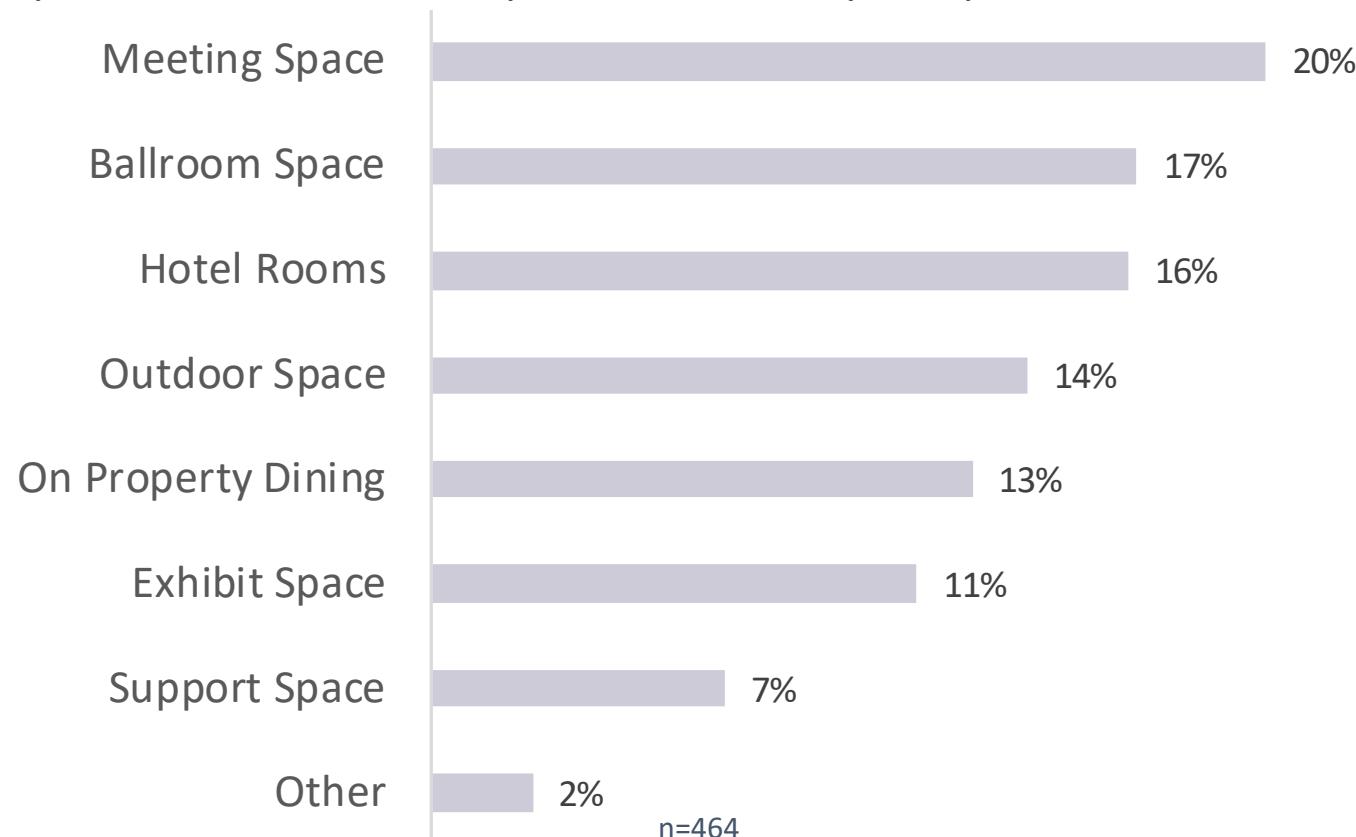


Sonoma County Convention Center Function Spaces

HVS

Sonoma County is considering developing a Convention Center. The next few questions ask about what features you consider are important in a potential event venue.

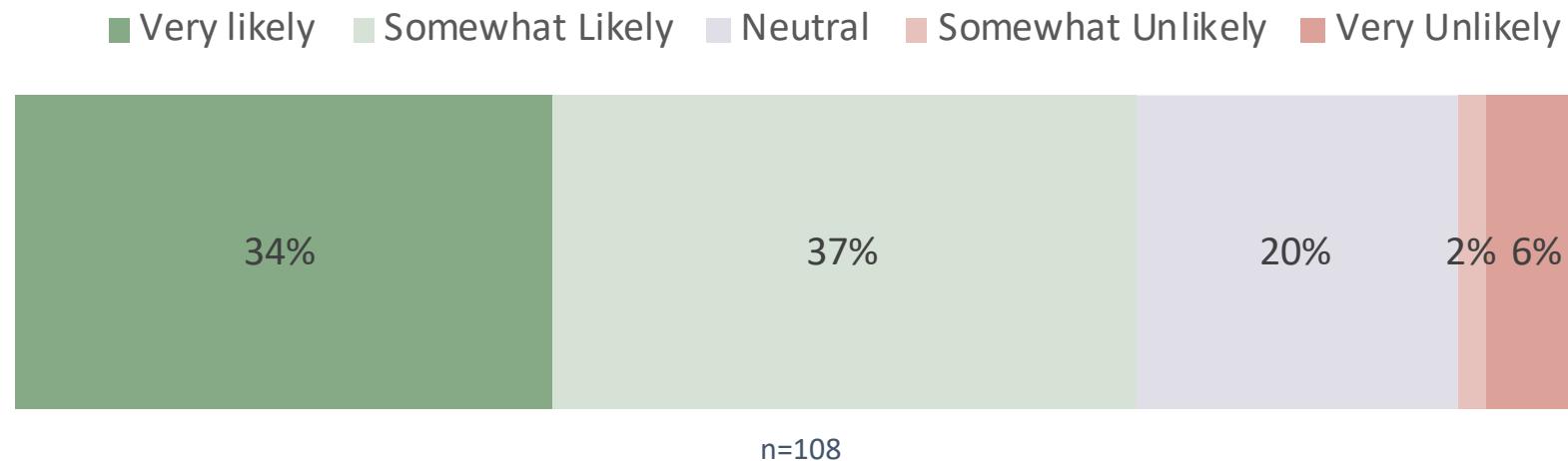
For you, what types of spaces would be most important to develop in a potential Sonoma County Convention Center?



Likelihood of Hosting Event in Convention Center

HVS

How likely would you be to consider holding events if a Sonoma County Convention Center is developed?

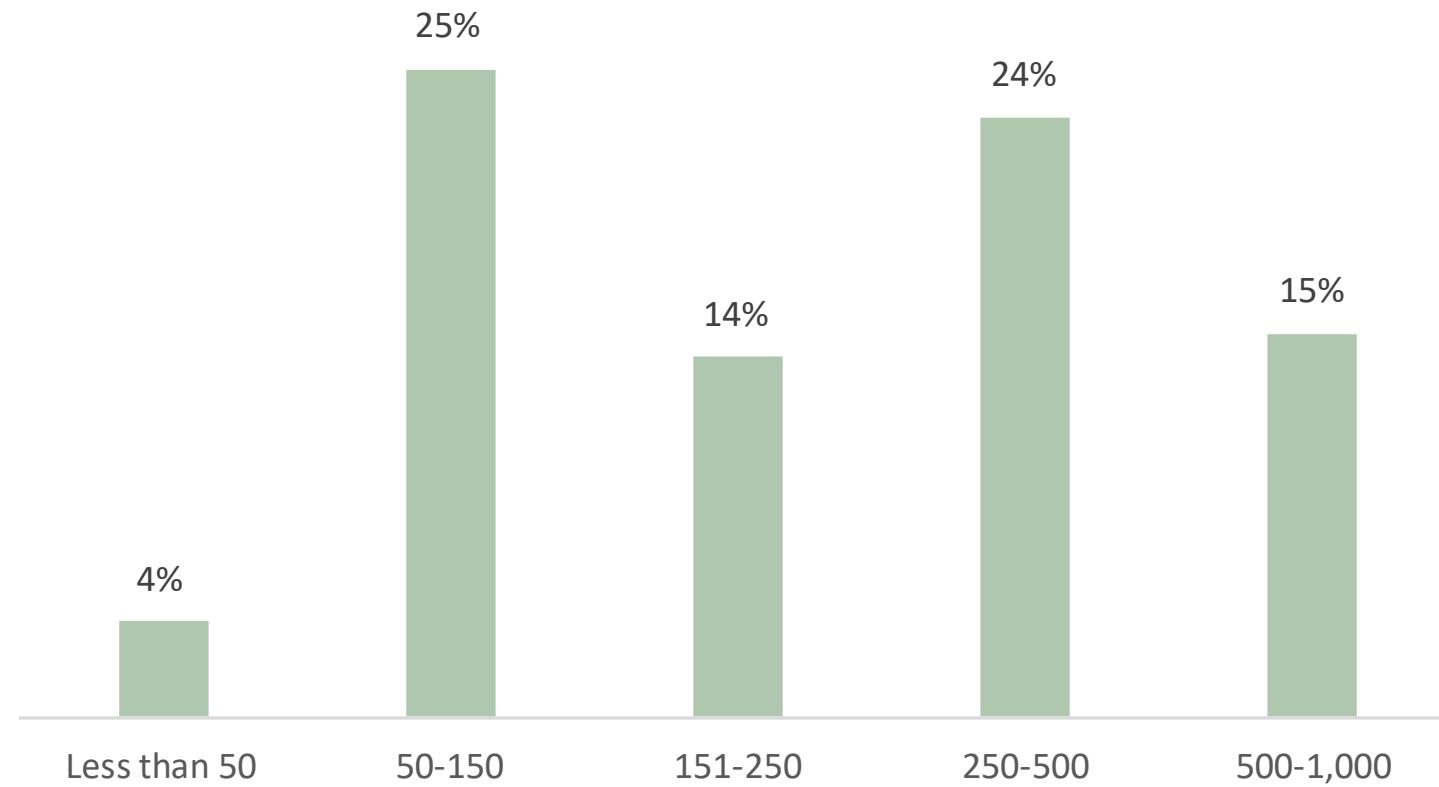


Net Promoter Score: (Very Likely + Somewhat Likely) – (Somewhat Unlikely + Very Unlikely) = 63

Size of Event in Convention Center

HVS

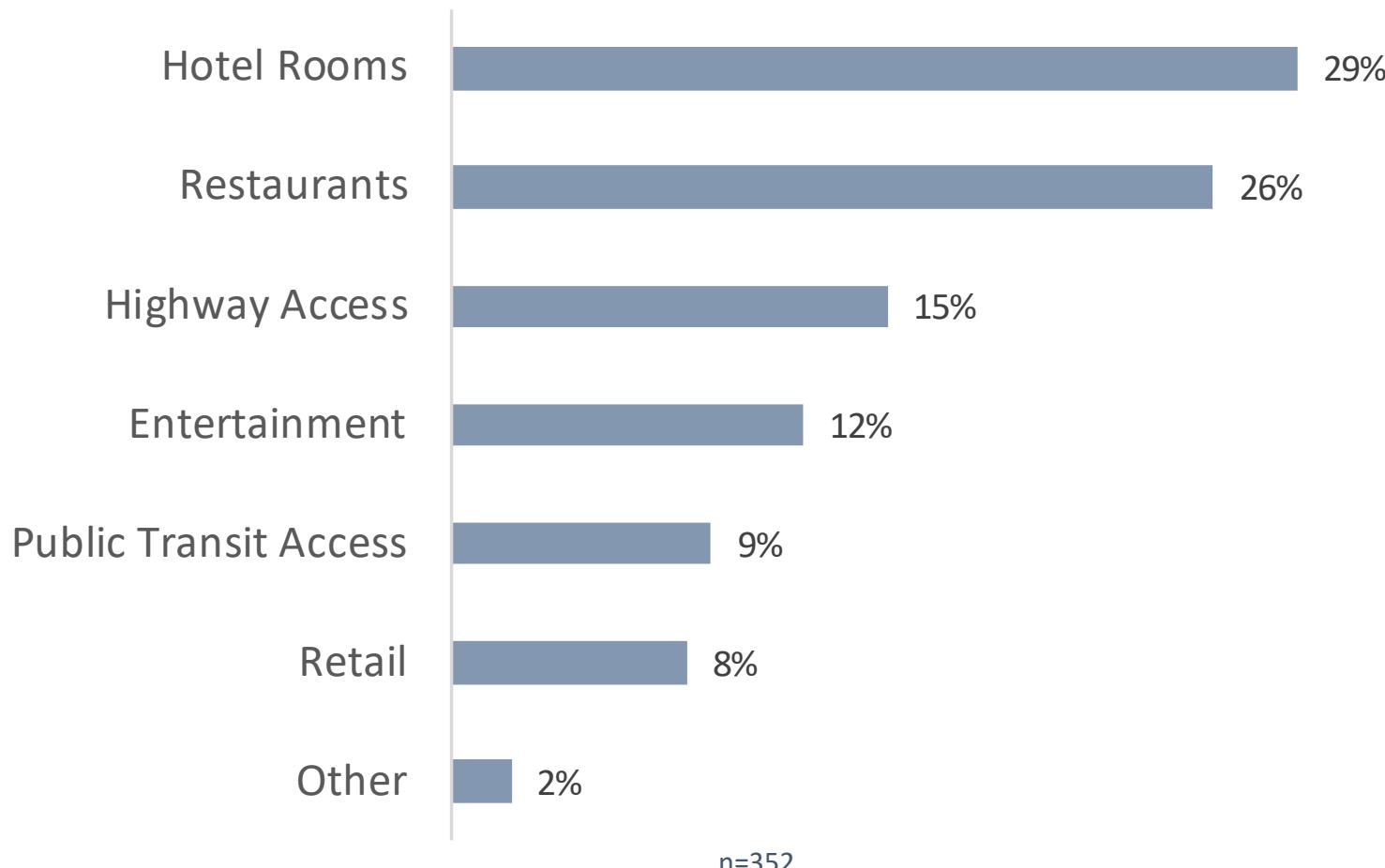
How many people typically attend an event that you could bring to the Sonoma County Convention Center



Convention Center Amenities

HVS

What amenities are most important to be near the proposed Sonoma County Convention Center?



Appendix B: Supply & Demand Analysis Supporting Tables

Supply & Demand Analysis



Santa Rosa STR Trend – Hotels Included In Sample

Hotels Included in Sample	Class	Number of Rooms	Year Affiliated	Year Opened	Comments
Motel 6 Santa Rosa North	Economy Class	119	Aug 1992	Jan 1900	
Hotel La Rose	Upscale Class	48	Jun 1907	Jun 1907	
Travelodge Santa Rosa Wine Country	Economy Class	31	Jul 2004	Jun 1953	
Best Western Garden Inn	Midscale Class	79	Jun 1957	Jun 1957	
Flamingo Resort	Upper Upscale Class	170	Jun 1957	Jun 1957	
Motel 6 Santa Rosa South	Economy Class	100	Jun 1965	Jun 1965	
The Sandman	Upper Midscale Class	135	Jun 1974	Jun 1974	
Holiday Inn Express Hotel Santa Rosa North	Upper Midscale Class	98	May 2021	Nov 1980	
Best Western Plus Wine Country Inn & Suites	Upper Midscale Class	85	Aug 2011	Jan 1984	
Hilton Sonoma Wine Country	Upper Upscale Class	0	Nov 2017	Jun 1984	<i>Permanently Closed as of Oct '17</i>
Vintners Resort	Luxury Class	78	Jul 2020	Jun 1984	
Fountain Grove Inn	Midscale Class	0	Oct 2017	Jun 1986	<i>Permanently Closed as of Oct '17</i>
Courtyard Santa Rosa	Upscale Class	138	Mar 1999	Nov 1989	
Extended Stay America - Santa Rosa - South	Midscale Class	114	Jun 1997	Jun 1997	
Extended Stay America Santa Rosa - North	Midscale Class	94	Jun 2000	Jun 2000	
Quality Inn & Suites Santa Rosa	Midscale Class	61	Jun 2023	Jun 2001	
Hyatt Regency Sonoma Wine Country	Upper Upscale Class	253	Sep 2017	Jul 2002	
Hilton Garden Inn Sonoma County Airport	Upscale Class	90	Jun 2008	Jun 2008	
Hotel E, Santa Rosa	Upscale Class	39	Jul 2019	Jul 2019	
AC Hotel Santa Rosa Sonoma Wine Country	Upscale Class	142	Aug 2020	Aug 2020	
La Quinta Inns & Suites Santa Rosa Sonoma	Upper Midscale Class	100	Sep 2020	Sep 2020	
Hampton Inn & Suites Santa Rosa Sonoma Wine Country	Upper Midscale Class	100	Oct 2022	Oct 2022	
2,074					

Source: STR

Supply & Demand Analysis



New Supply Pipeline – Rohnert Park & Santa Rosa

Proposed Hotel Name	Estimated Number of Rooms	Hotel Product Tier	Development Stage	Expected Qtr. & Year of Opening	Address
Rohnert Park					
Proposed Home2 Suites by Hilton	96	Upper-Midscale	Sitework Underway	Q4 '24	6490 Redwood Drive, Rohnert Park
Proposed Holiday Inn Express	93	Upper-Midscale	Early Development	TBD	5354 Dowdell Avenue, Rohnert Park
Graton Resort & Casino Expansion	221	Luxury	Early Development	TBD	630 Park Court, Rohnert Park
Proposed Hotel - Phase I	110	TBD	Development on Hold	TBD	107 Golf Course Drive West, Santa Rosa
Proposed Hotel - Phase II	129	TBD	Development on Hold	TBD	107 Golf Course Drive West, Santa Rosa
Santa Rosa					
Proposed Residence Inn by Marriott Santa Rosa North	114	Upscale	Seeking Financing	Q1 '26	3558 Round Barn Circle, Santa Rosa
Proposed Hyatt Place	165	Upscale	Design Phase	Q1 '27	3750 North Laughlin Road, Santa Rosa
Proposed Tru by Hilton	101	Midscale	Development on Hold	TBD	195 Aviation Boulevard, Santa Rosa

Supply & Demand Analysis



Santa Rosa Forecast of Market Occupancy

	Historical				Projected						
	2019	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Commercial											
Total Demand	186,508	172,098	173,819	177,295	187,933	201,088	213,154	221,680	228,330	231,755	234,073
Growth Rate			(7.7) %	1.0 %	2.0 %	6.0 %	7.0 %	6.0 %	4.0 %	3.0 %	1.5 %
Leisure											
Total Demand	209,821	270,440	260,974	266,194	282,165	304,739	319,976	332,775	342,758	349,613	353,109
Growth Rate			28.9 %	(3.5) %	2.0 %	6.0 %	8.0 %	5.0 %	4.0 %	3.0 %	2.0 %
Meeting and Group											
Total Demand	69,940	49,171	51,138	54,206	58,542	65,568	96,303	107,043	116,363	123,231	125,085
Growth Rate			(29.7) %	4.0 %	6.0 %	8.0 %	12.0 %	46.9 %	11.2 %	8.7 %	5.9 %
Totals											
Base Demand	466,270	491,709	485,931	497,695	528,641	571,395	608,532	637,397	660,252	674,098	681,767
Induced Demand			0	0	0	0	20,900	24,100	27,200	30,500	30,500
Total Demand	466,270	491,709	485,931	497,695	528,641	571,395	629,432	661,498	687,452	704,599	712,267
Overall Demand Growth											
Market Mix			1.3 %	(1.2) %	2.4 %	6.2 %	8.1 %	10.2 %	5.1 %	3.9 %	2.5 %
Commercial	40.0 %	35.0 %	35.8 %	35.6 %	35.6 %	35.2 %	33.9 %	33.5 %	33.2 %	32.9 %	32.9 %
Leisure	45.0	55.0	53.7	53.5	53.4	53.3	50.8	50.3	49.9	49.6	49.6
Meeting and Group	15.0	10.0	10.5	10.9	11.1	11.5	15.3	16.2	16.9	17.5	17.6
Existing Hotel Supply	1,732	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074
Proposed Hotels											
Proposed Sonoma County Convention Center Hotel ¹							250	250	250	250	250
Proposed Residence Inn by Marriott Santa Rosa N ²					114	114	114	114	114	114	114
Proposed Hyatt Place ³					165	165	165	165	165	165	165
Available Room Nights per Year	632,180	757,010	757,010	757,010	798,620	858,845	950,095	950,095	950,095	950,095	950,095
Nights per Year	365	365	365	365	365	365	365	365	365	365	365
Total Supply	1,732	2,074	2,074	2,074	2,188	2,353	2,603	2,603	2,603	2,603	2,603
Rooms Supply Growth			0.0 %	0.0 %	5.5 %	7.5 %	10.6 %	0.0 %	0.0 %	0.0 %	0.0 %
Marketwide Occupancy	73.8 %	65.0 %	64.2 %	65.7 %	66.2 %	66.5 %	66.2 %	69.6 %	72.4 %	74.2 %	75.0 %

¹ Opening in January 2028 of the 100% competitive, 250-room Proposed Sonoma County Convention Center Hotel

² Opening in January 2026 of the 100% competitive, 114-room Proposed Residence Inn by Marriott Santa Rosa North

³ Opening in January 2027 of the 100% competitive, 165-room Proposed Hyatt Place

Supply & Demand Analysis



Forecast of Subject Occupancy – Mall

Market Segment	2028	2029	2030	2031	2032
Commercial					
Demand	213,154	221,680	228,330	231,755	234,073
Market Share	8.8 %	9.9 %	10.2 %	10.2 %	10.2 %
Capture	18,792	21,867	23,308	23,658	23,894
Penetration	92 %	103 %	106 %	106 %	106 %
Leisure					
Demand	319,976	332,775	342,758	349,613	353,109
Market Share	7.7 %	6.4 %	5.8 %	5.7 %	5.7 %
Capture	24,633	21,342	19,734	19,799	19,997
Penetration	80 %	67 %	60 %	59 %	59 %
Meeting and Group					
Demand	96,303	107,043	116,363	123,231	125,085
Market Share	17.5 %	21.0 %	22.6 %	23.3 %	23.3 %
Capture	16,877	22,465	26,311	28,719	29,151
Penetration	182 %	219 %	235 %	243 %	243 %
Total Room Nights Captured	60,302	65,674	69,354	72,175	73,042
Available Room Nights	91,250	91,250	91,250	91,250	91,250
Subject Occupancy	66 %	72 %	76 %	79 %	80 %
Market-wide Available Room Nights	950,095	950,095	950,095	950,095	950,095
Fair Share	10 %				
Market-wide Occupied Room Nights	629,432	661,498	687,452	704,599	712,267
Market Share	10 %				
Market-wide Occupancy	66 %	70 %	72 %	74 %	75 %
Total Penetration	100 %	103 %	105 %	107 %	107 %

Supply & Demand Analysis



Forecast of Subject ADR – Mall

Subject Property and Area-wide Market (Fiscal Year)							
Fiscal Year	Average		ADR	Average	Areawide	Average	Average
	Rate	Discount	After Discount	Rate % Change	Average Rate	Rate % Change	Rate Penetration
2024	\$194.00	0.0 %	\$194.00	—	\$150.26	—	129.1 %
2025	197.88	0.0	197.88	2.0 %	153.26	2.0 %	129.1
2026	207.77	0.0	207.77	5.0	160.93	5.0	129.1
2027	222.32	0.0	222.32	7.0	172.19	7.0	129.1
2028	240.10	3.0	232.90	4.8	185.97	8.0	125.2
2029	256.91	1.0	254.34	9.2	198.99	7.0	127.8