



DRAFT Feasibility Study

Sonoma County Convention Center

5/17/24

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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.

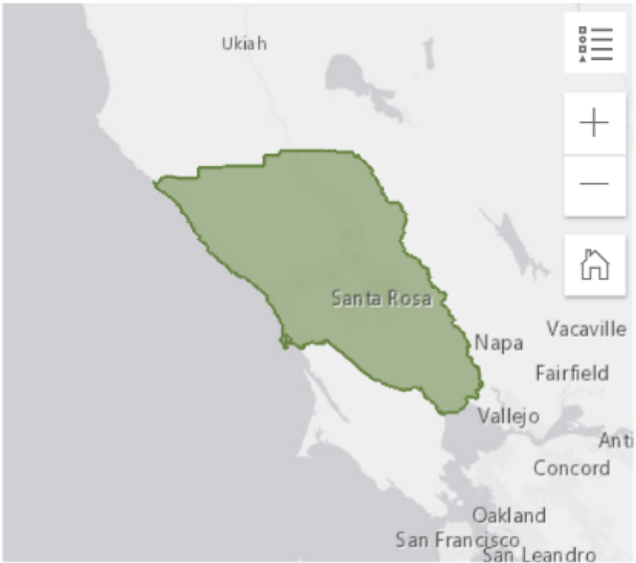
The subsequent slide contains an infographic snapshot of the county, offering a concise overview of the economic and demographic landscape.

Sonoma County Population Trends



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).

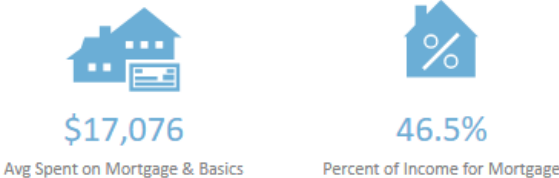


POPULATION TRENDS AND KEY INDICATORS

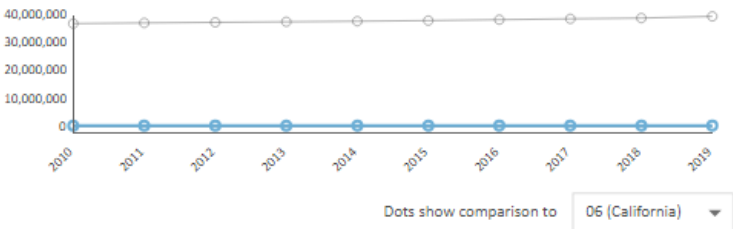
Sonoma County, CA



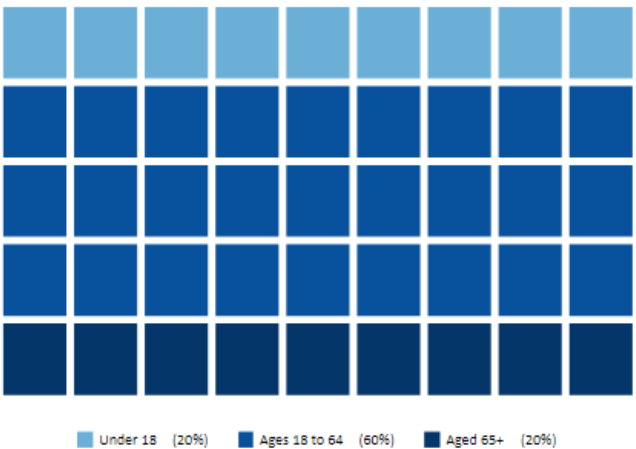
MORTGAGE INDICATORS



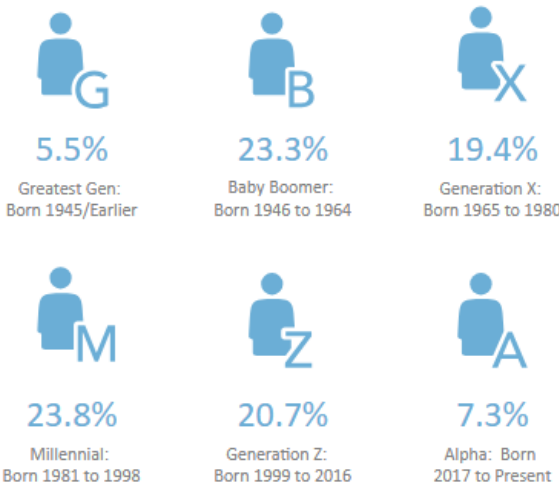
Historical Trends: Population



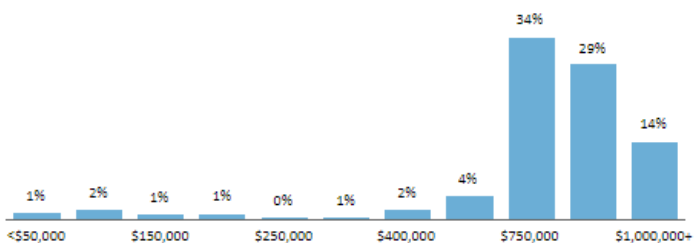
POPULATION BY AGE



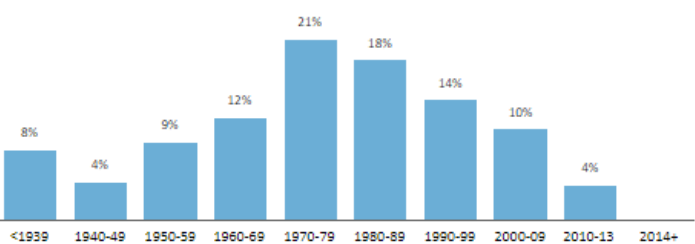
POPULATION BY GENERATION



Home Value



Housing: Year Built



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

Economic Indicators



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.

| Economic Indicator/Area | Beginning Amount | 2010 | 2020 | 2022 | 2027 | Ending Amount | Estimated Annual Compound Change 2022 to 2027 |
|--|------------------|------|------|------|------|---------------|---|
| Resident Population (millions) | | | | | | | |
| Sonoma County | 0.5 | | | | | 0.5 | 0.5% |
| State of California | 37.3 | | | | | 40.9 | 0.7% |
| United States | 309.3 | | | | | 345.5 | 0.7% |
| Per-Capita Personal Income* (thousands) | | | | | | | |
| Sonoma County | \$44.6 | | | | | \$67.9 | 1.5% |
| State of California | \$45.2 | | | | | \$67.9 | 1.5% |
| United States | \$42.5 | | | | | \$58.3 | 1.7% |
| W&P Wealth Index | | | | | | | |
| Sonoma County | 107 | | | | | 116 | -0.1% |
| State of California | 106 | | | | | 115 | -0.1% |
| United States | 100 | | | | | 100 | 0.0% |
| Food and Beverage Sales* (billions) | | | | | | | |
| Sonoma County | \$0.7 | | | | | \$1.4 | 2.0% |
| State of California | \$61.6 | | | | | \$116.2 | 2.2% |
| United States | \$475.3 | | | | | \$840.4 | 2.2% |
| Total Retail Sales* (billions) | | | | | | | |
| Sonoma County | \$6.7 | | | | | \$9.9 | 0.6% |
| State of California | \$510.2 | | | | | \$792.1 | 0.8% |
| United States | \$4,385.2 | | | | | \$6,490.0 | 0.7% |

* Inflation Adjusted

Projected Employment by Industry (000's)



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



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

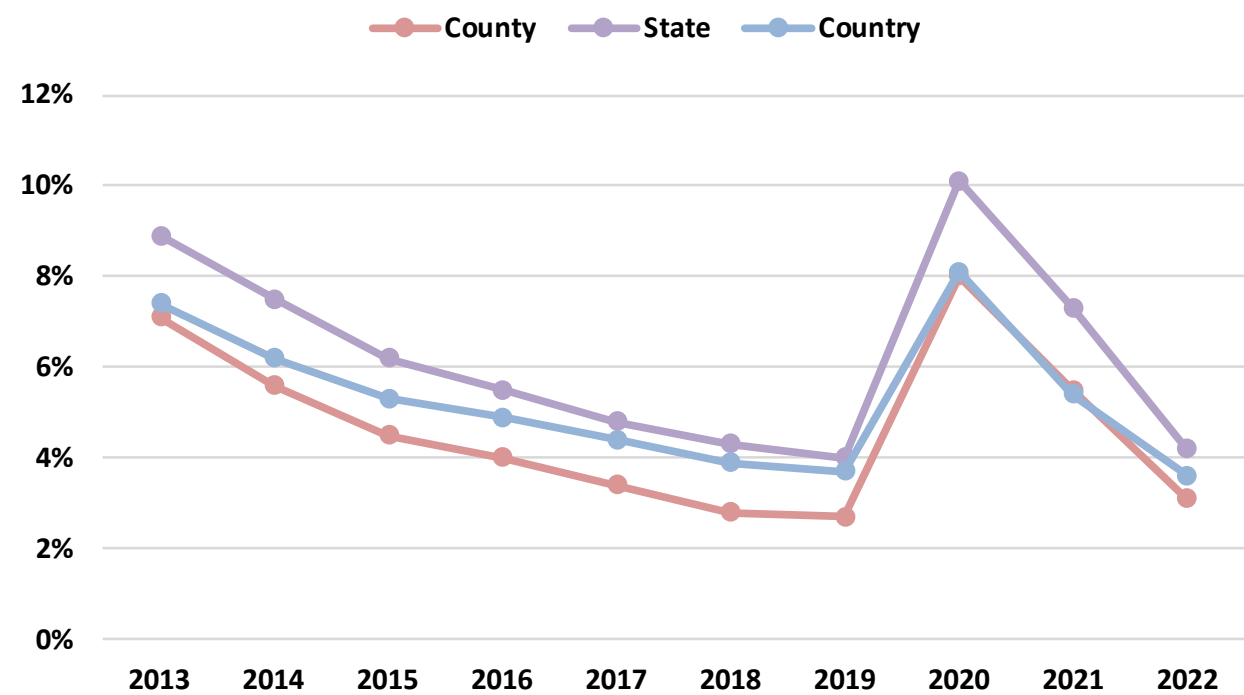
| Firm | Number of Employees |
|-------------------------------------|---------------------|
| County of Sonoma | 3,827 |
| Kaiser Permanente | 3,130 |
| Santa Rosa City Schools | 1,607 |
| Santa Rosa Junior College | 1,528 |
| Providence (St. Joseph Health) | 1,476 |
| City of Santa Rosa | 1,247 |
| 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



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



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



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.

| Year | Passenger Traffic | Annual Percent Change |
|------------------|-------------------|-----------------------|
| 2013 | 228,000 | |
| 2014 | 238,000 | 4.4% |
| 2015 | 263,000 | 10.5% |
| 2016 | 339,000 | 28.9% |
| 2017 | 398,000 | 17.4% |
| 2018 | 441,000 | 10.8% |
| 2019 | 488,000 | 10.7% |
| 2020 | 195,000 | -60.0% |
| 2021 | 427,000 | 119.0% |
| 2022 | 614,000 | 43.8% |
| YTD through Sept | | |
| 2022 | 457,465 | |
| 2023 | 471,032 | 3.0% |

Source: Charles M. Schulz Sonoma County Airport

Total TOT Tax Collections (2020-2023)



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.

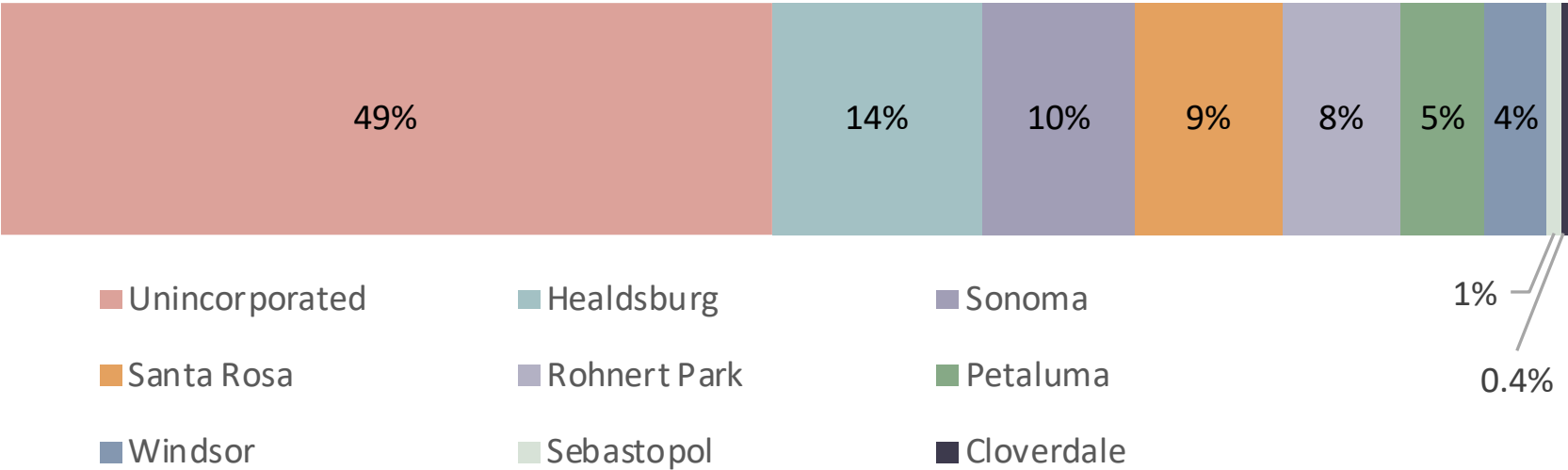


Source: Sonoma EDB

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



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

Seasonality of Collections (Q4 2019 – Q3 2023)



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



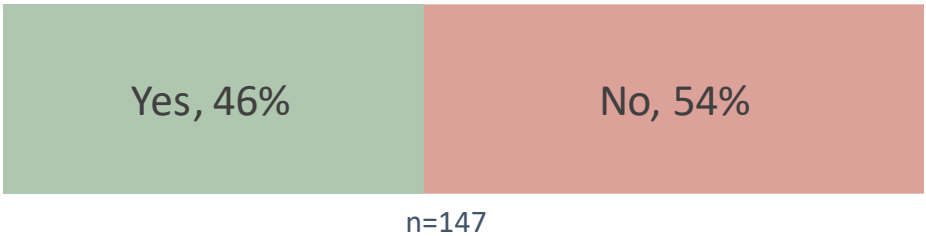
HVS designed and conducted a survey of event planners to provide a basis for assessing the potential demand at the Sonoma County Convention Center, and adjacent hotel development. This survey gathered information from professional event planners about their event needs and event destination preferences.

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.

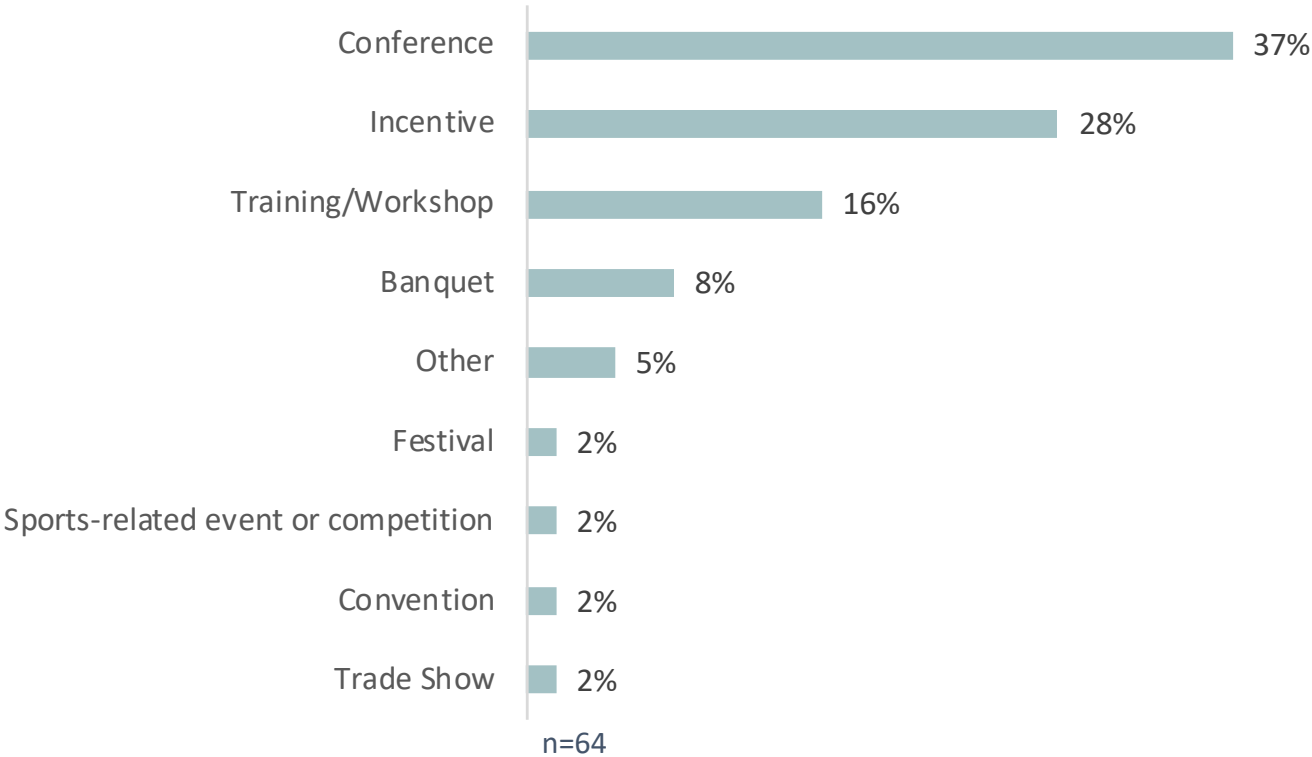
Previous Use of Sonoma County as Event Destination



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



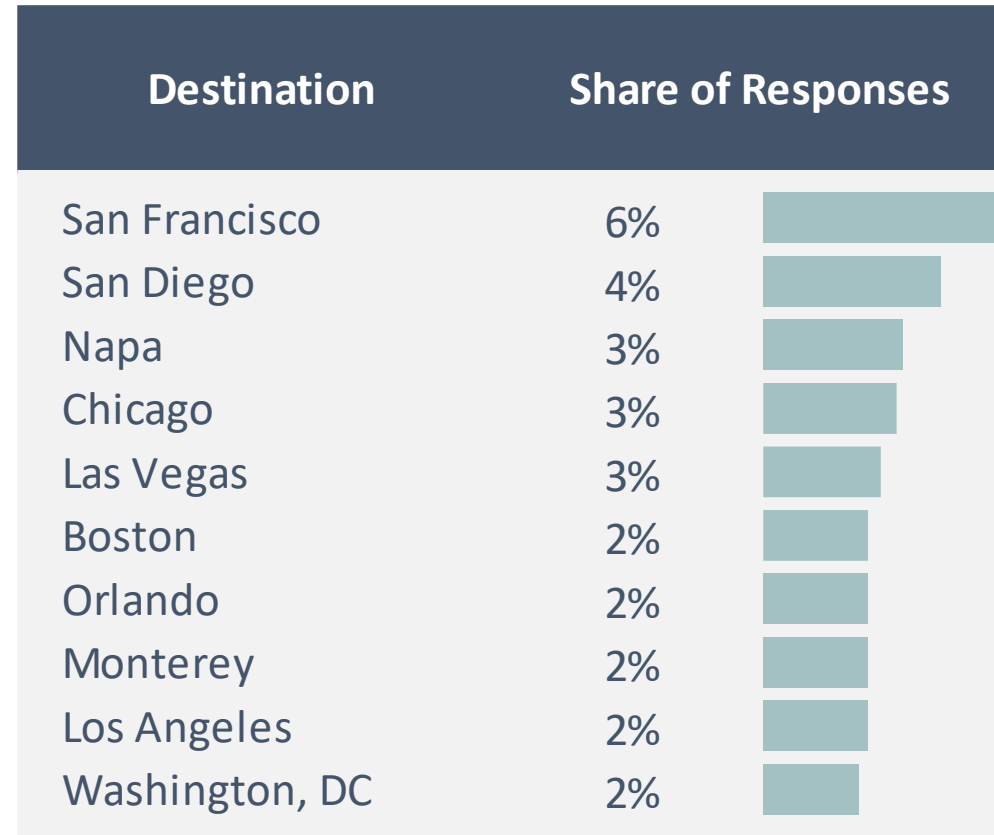
If yes, what best describes the event you held in Sonoma County?



Competitive Cities



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.

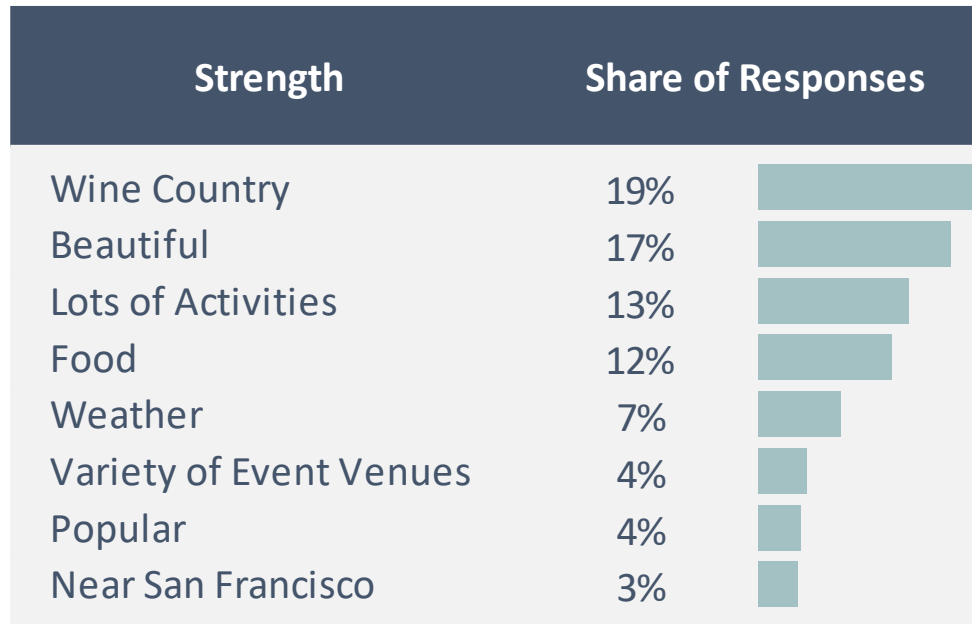


n=576

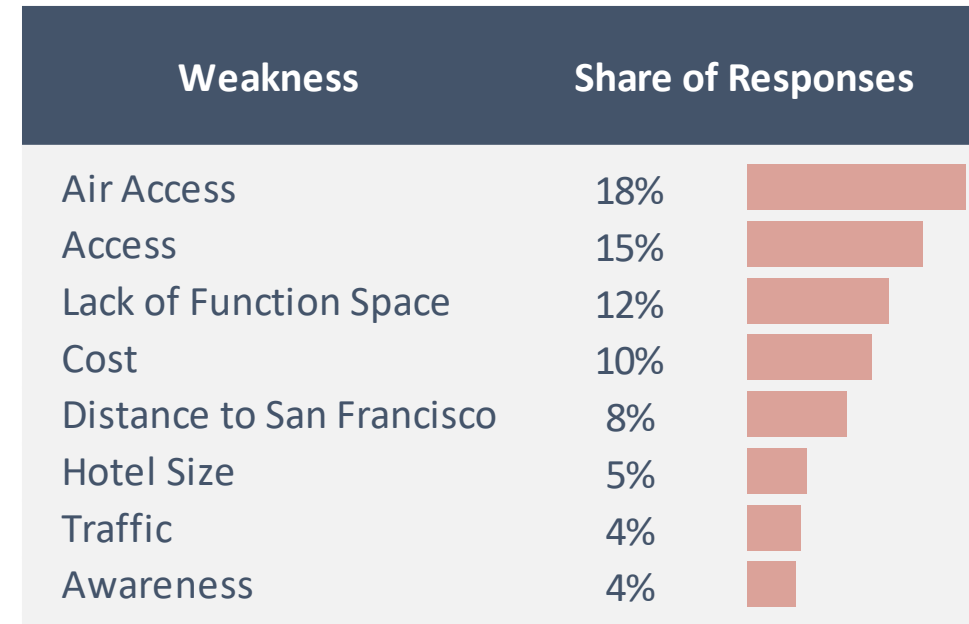
Strengths and Weaknesses



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

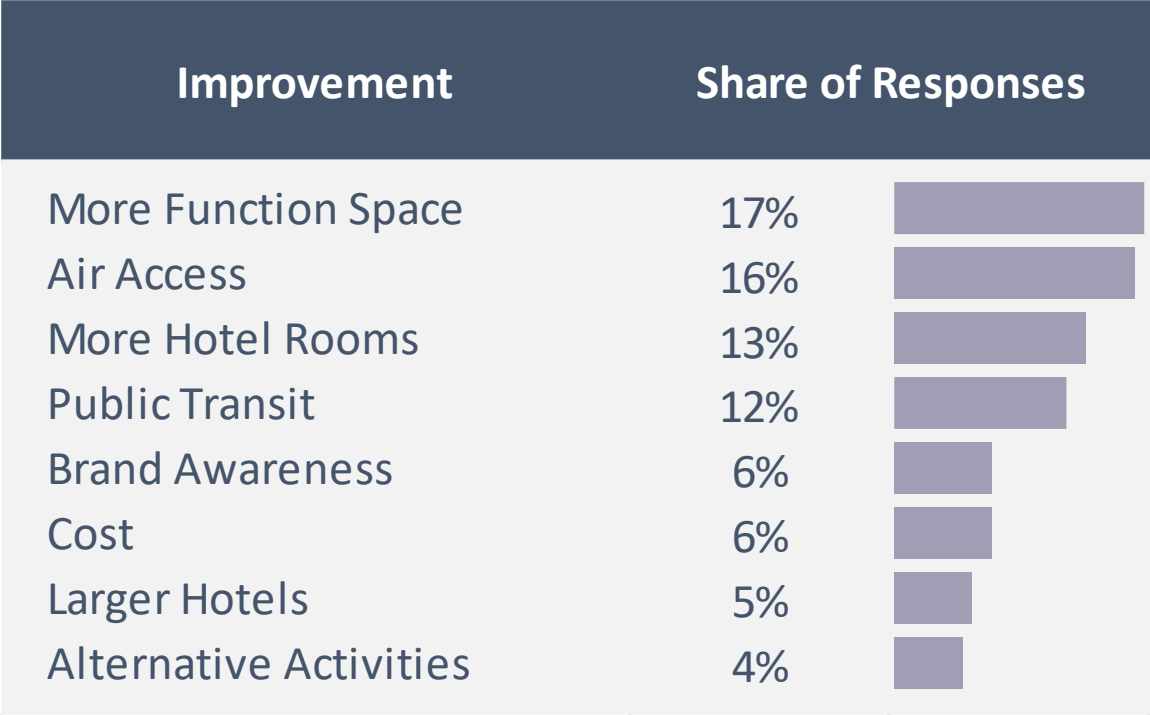


n=209

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.

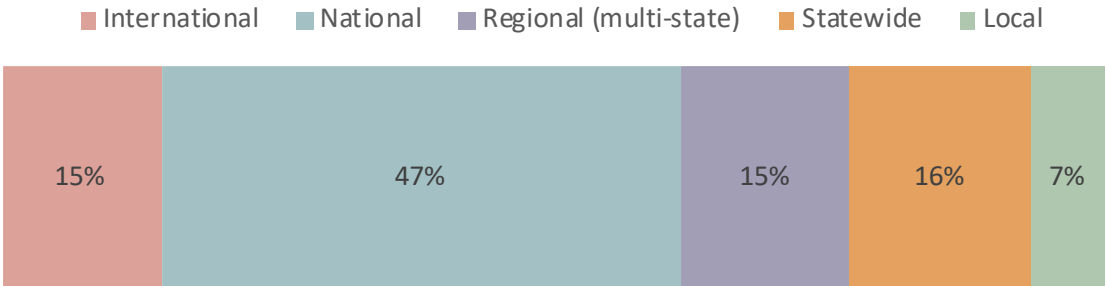


n=156

Attendee Origin and Spaces Used in Typical Event

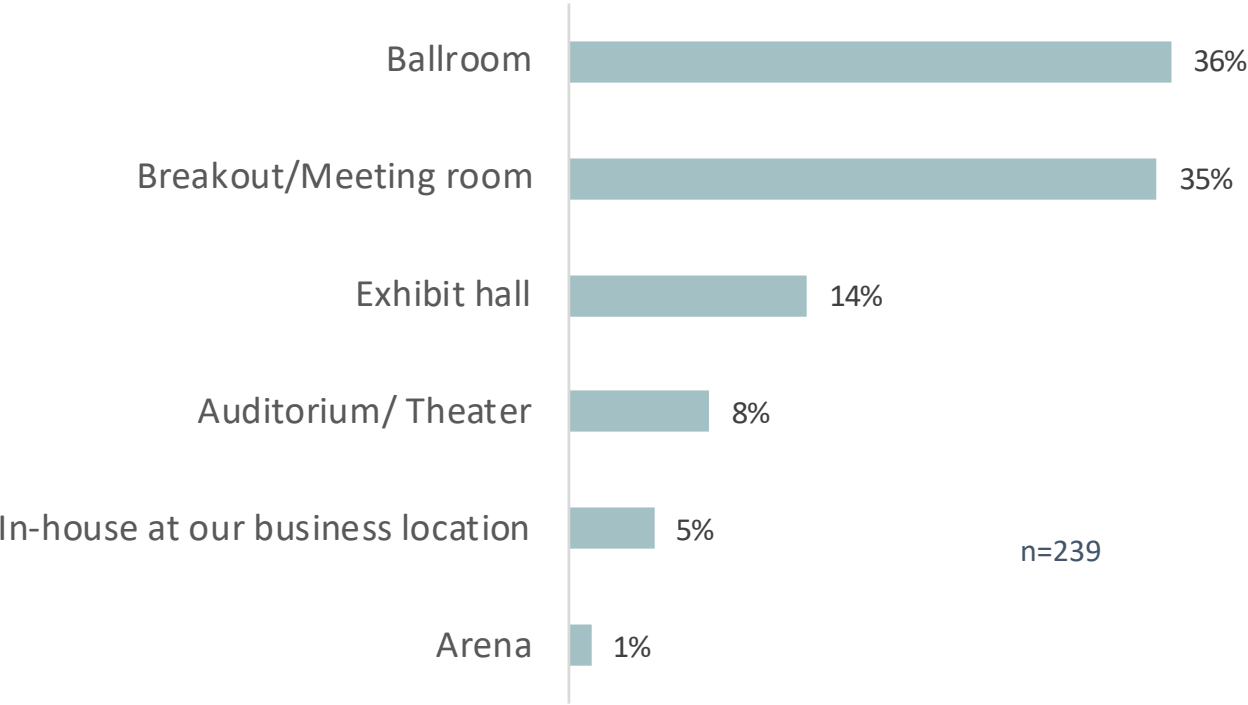


Which category best describes the origin of attendees for your event?



n=117

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

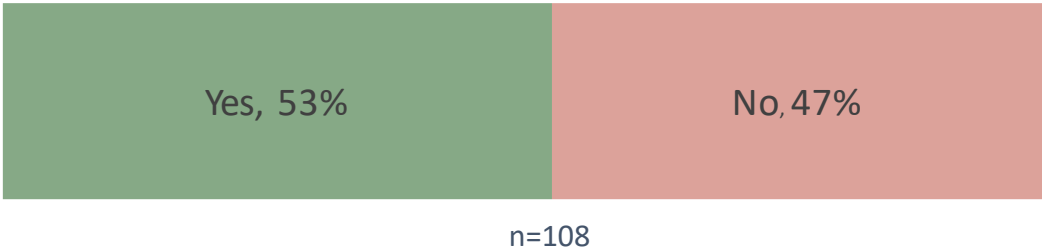


n=239

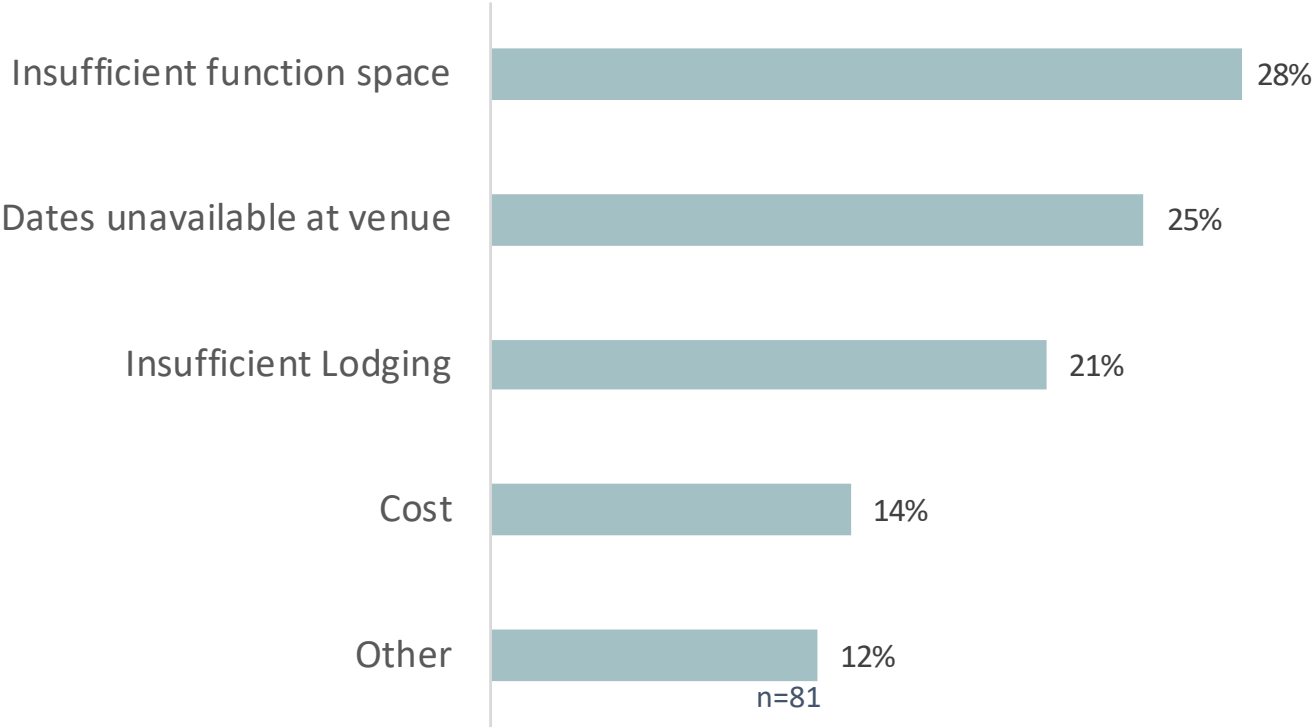
Hosting Events in Sonoma County



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



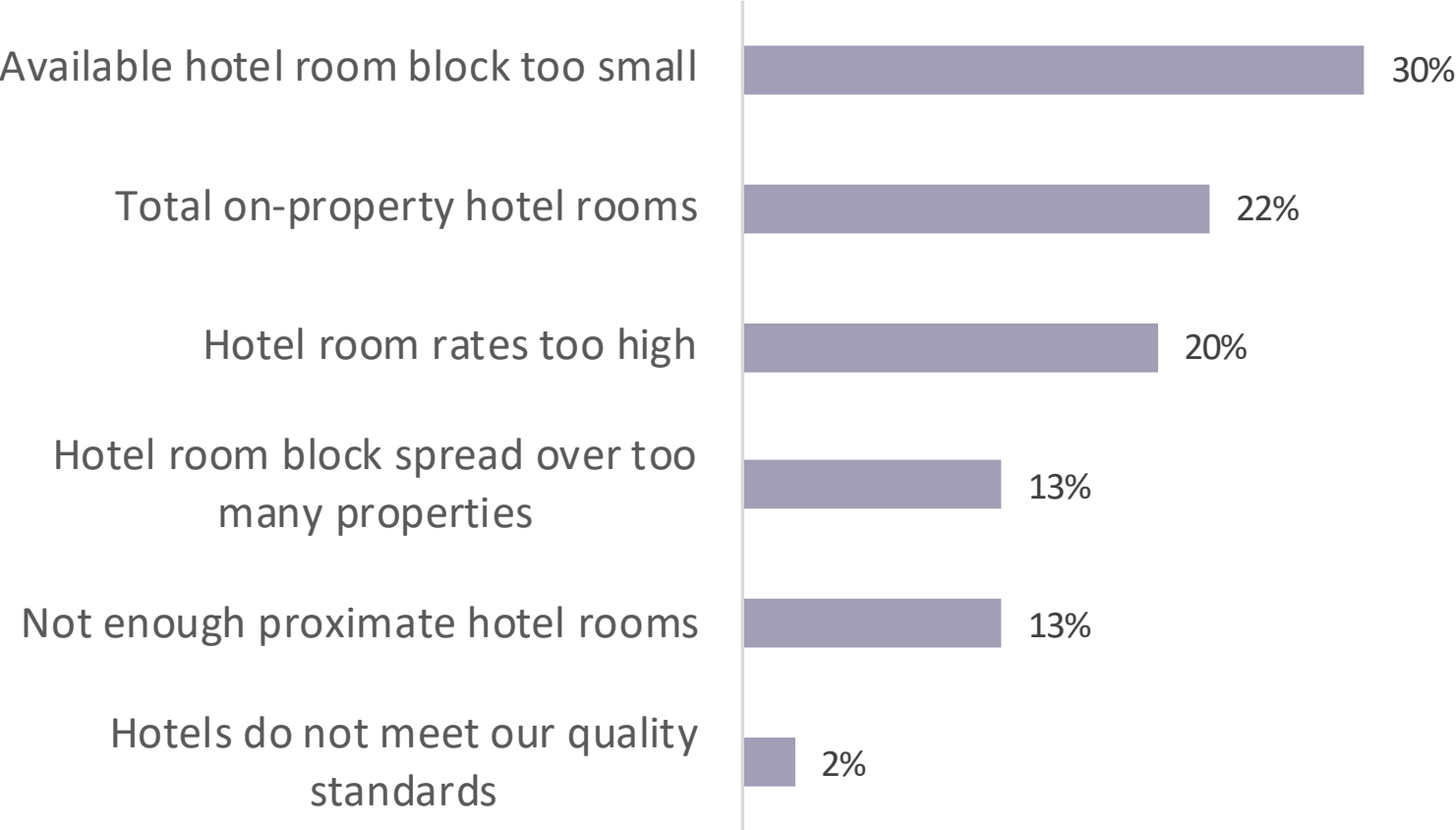
If no, why were you unable to host an event in Sonoma County?



Issues with Hotel Room Supply



Please indicate the specific reasons why hotel rooms were insufficient.

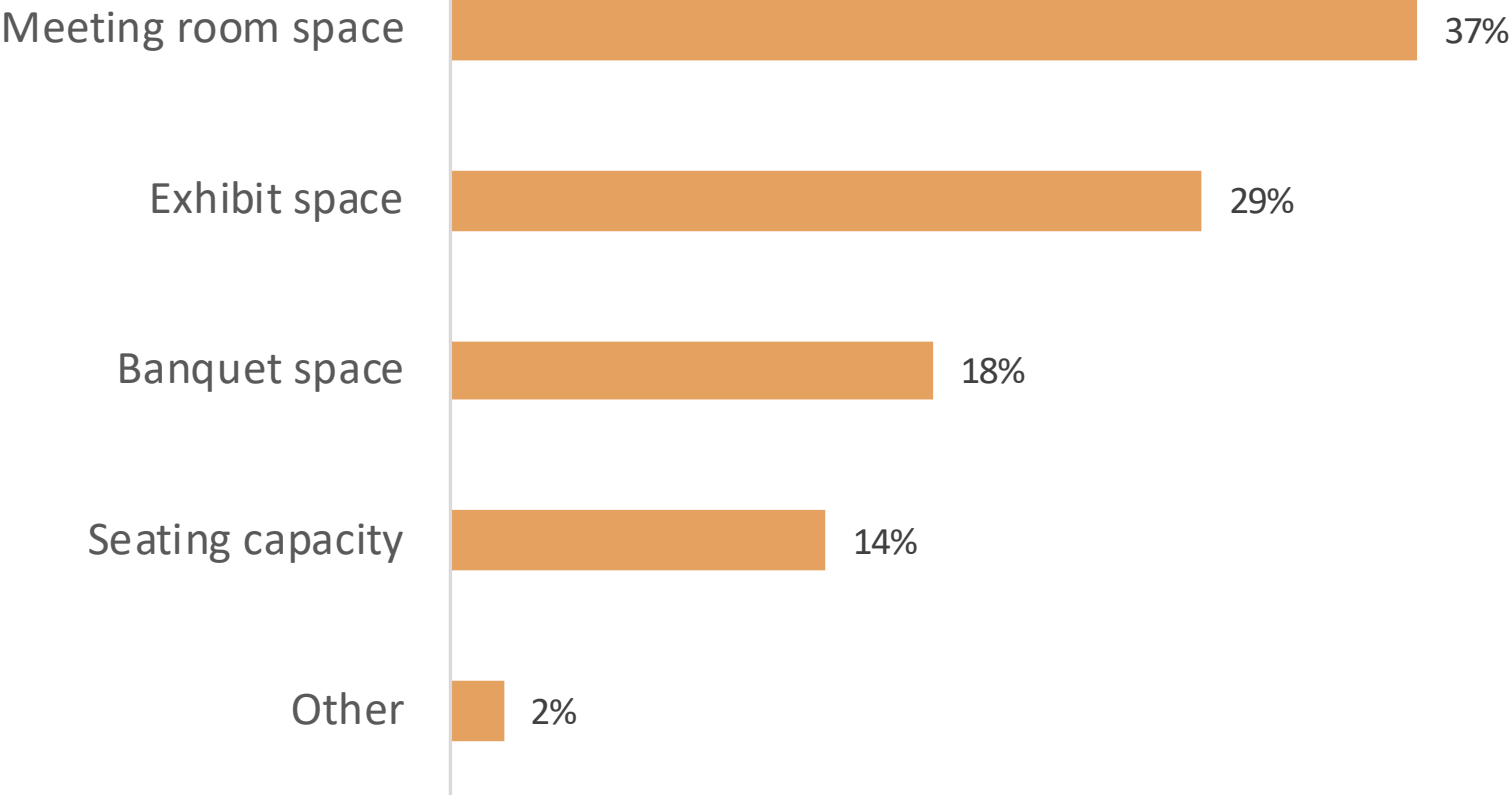


n=40

Issues with Function Space



Please indicate which type of function space was lacking.



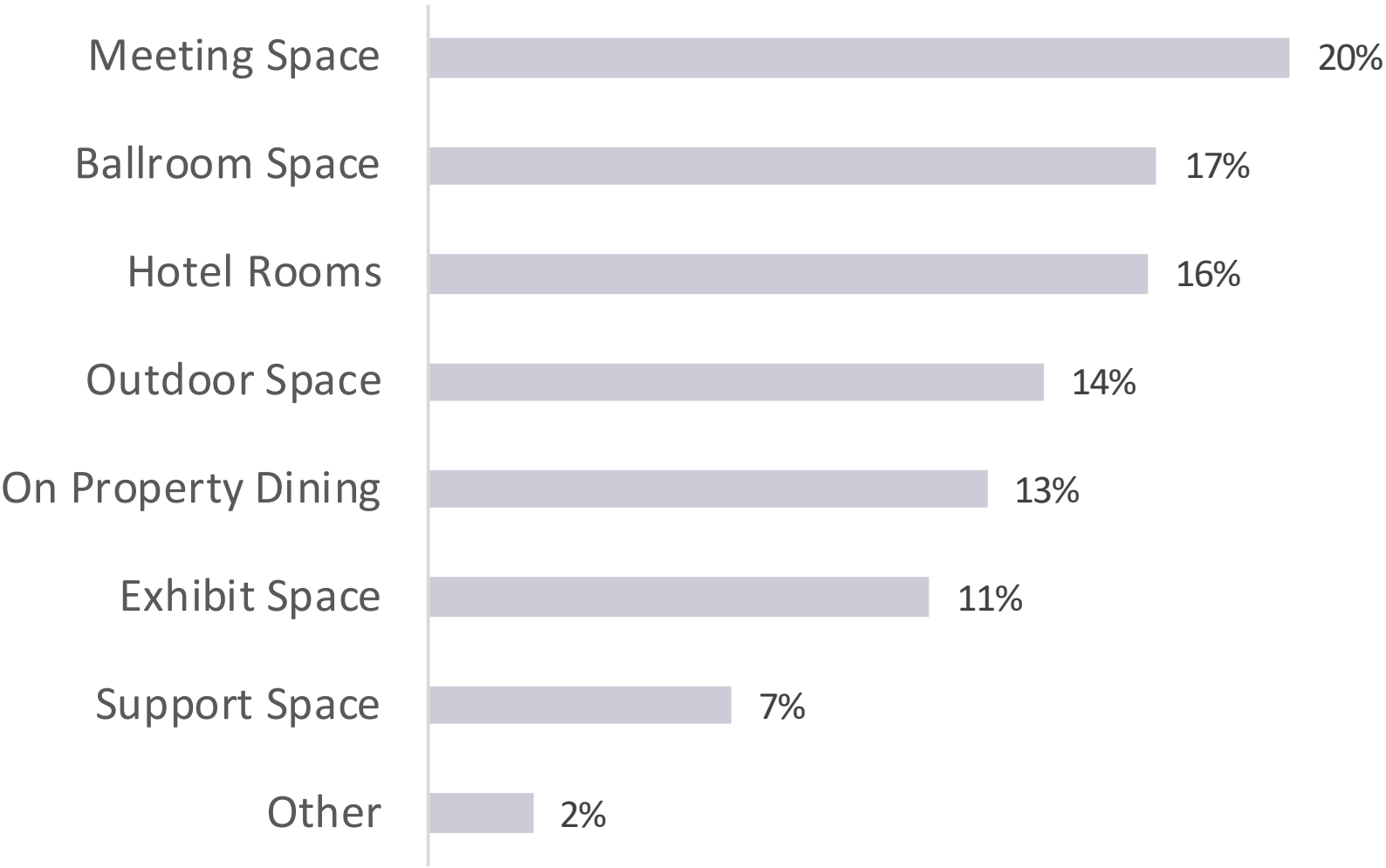
n=49

Sonoma County Convention Center Function Spaces



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?

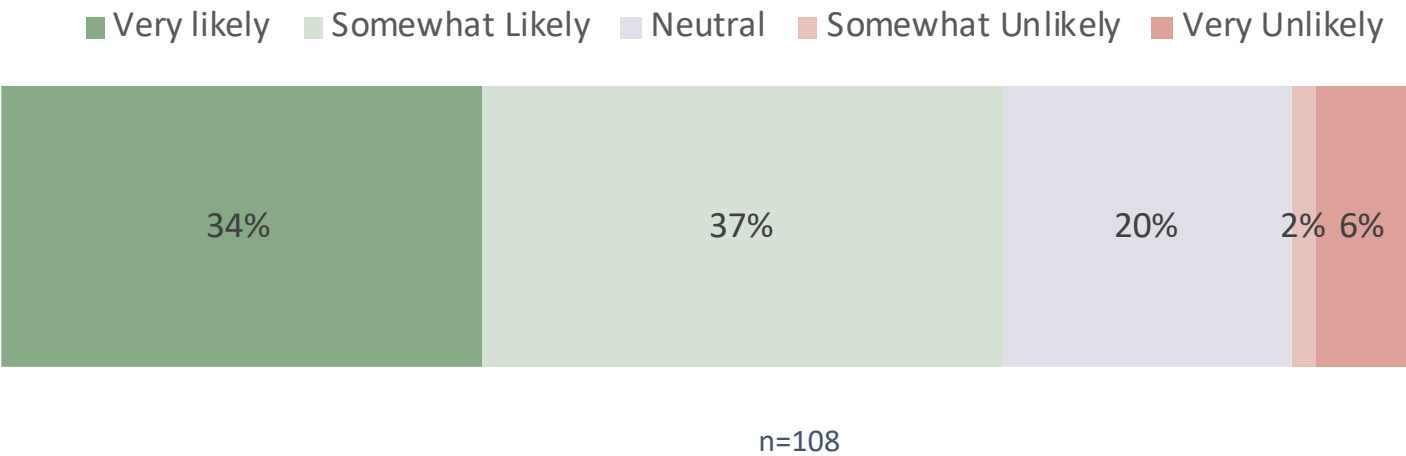


n=464

Likelihood of Hosting Event in Convention Center



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



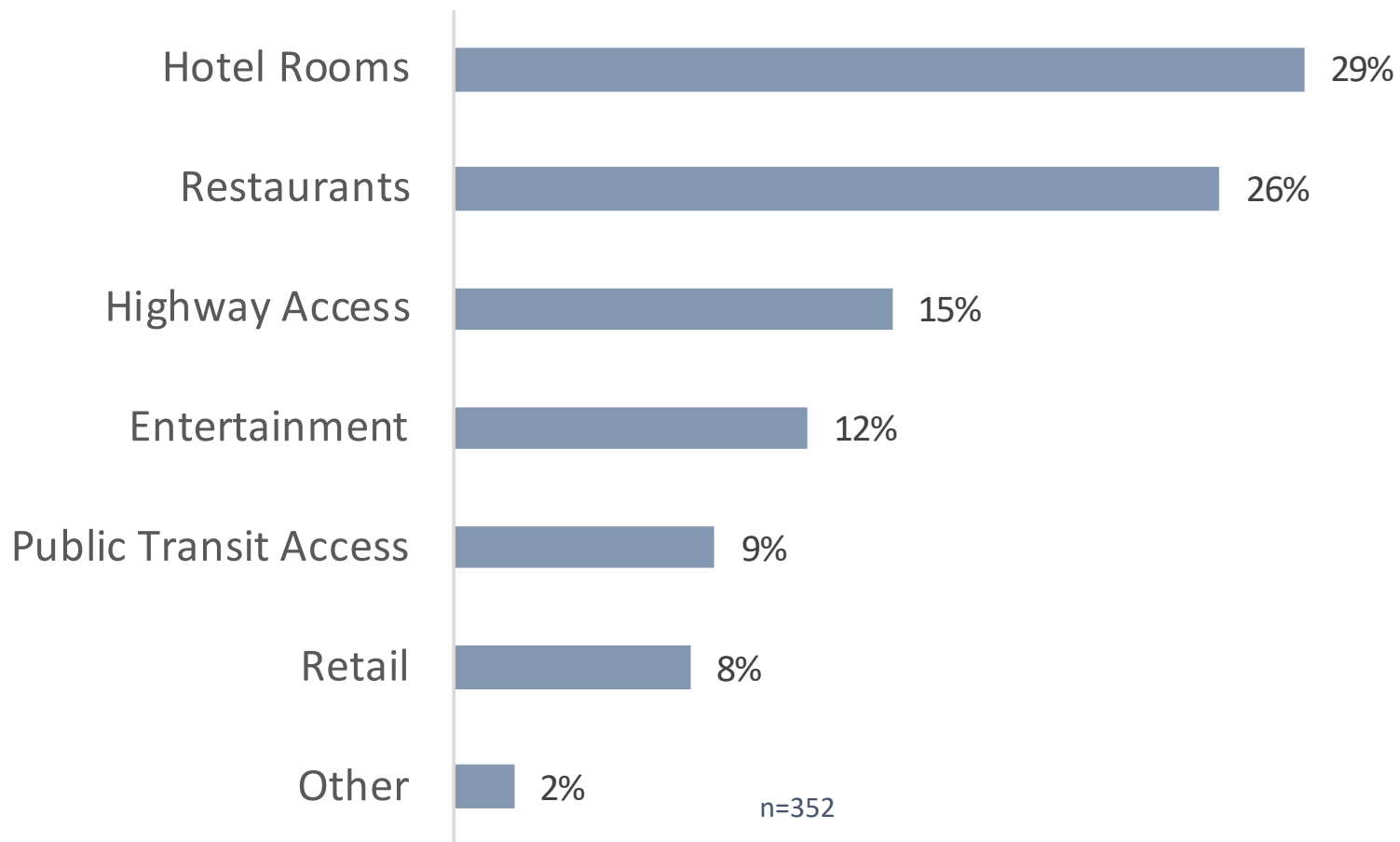
63 Positive Net Promoter Score

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

Convention Center Amenities



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



Survey Conclusions



- 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%).

Survey Conclusions



- 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



Building Program Methodology



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 | | | |
|--------------------------------|-----------------|-----------------------|--------------|--------------|-----------------------------|
| | | Theatre/ Reception | Banquet | Classroom | Exhibit Booths 10' x 10' |
| 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 | | | |

Ballroom Space



- 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.

Ballroom Space Needs

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)



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.

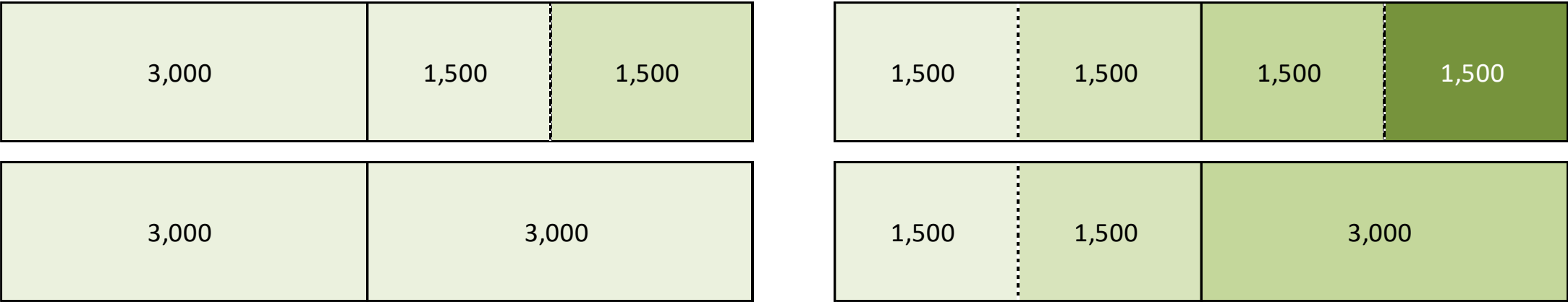
This amount of meeting space would satisfy the needs of event planners.

- 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.

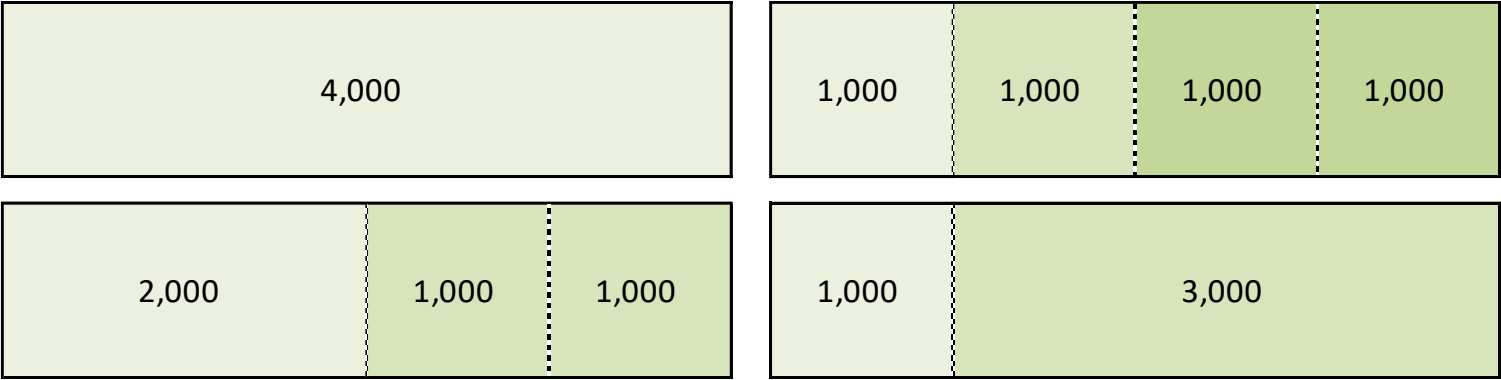
Meeting Space Configurations (square feet)



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.

Hotel Rooms and Function Space



- 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)



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)



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 | <div></div> |
| Visalia Convention Center | Visalia | 52,754 | <div></div> |
| Riverside Convention Center | Riverside | 50,396 | <div></div> |
| Proposed SCCC and Hotel | NA | 40,200 | <div></div> |
| Proposed Sonoma County CC | NA | 32,200 | <div></div> |
| Monterey Conference Center | Monterey | 31,633 | <div></div> |
| Marin County Civic Center | San Rafael | 24,720 | <div></div> |
| South San Francisco Conference Center | San Francisco | 20,500 | <div></div> |
| Liberty Station Conference Center | San Diego | 14,267 | <div></div> |
| Sequoia Conference Center | Eureka | 5,616 | <div></div> |
| Average | | 34,240 | |

Total Exhibit Space (SF)



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)



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)



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.

| California Conference and Convention Centers | | | |
|--|---------------|---------------------|-------------|
| Name | Location | Ballroom Space (sf) | # Divisions |
| Monterey Conference Center | Monterey | 28,880 | 12 |
| Proposed SCCC and Hotel | NA | 26,000 | 13 |
| Proposed Sonoma County CC | NA | 21,000 | 7 |
| Oakland Convention Center | Oakland | 16,976 | 6 |
| South San Francisco Conference Center | San Francisco | 13,500 | 10 |
| Riverside Convention Center | Riverside | 11,897 | 8 |
| Visalia Convention Center | Visalia | 8,316 | 5 |
| Liberty Station Conference Center | San Diego | 7,700 | 1 |
| Sequoia Conference Center | Eureka | 5,400 | 2 |
| Marin County Civic Center | San Rafael | 0 | 0 |
| Average | | 15,519 | 7 |

Total Meeting Space (SF)



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)



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



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 |

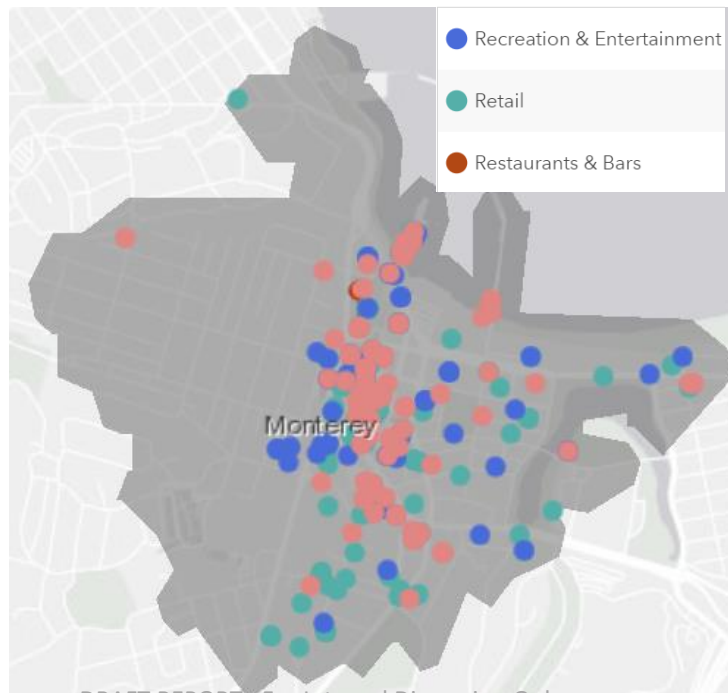
Case Studies



Monterey Conference Center



- 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 |

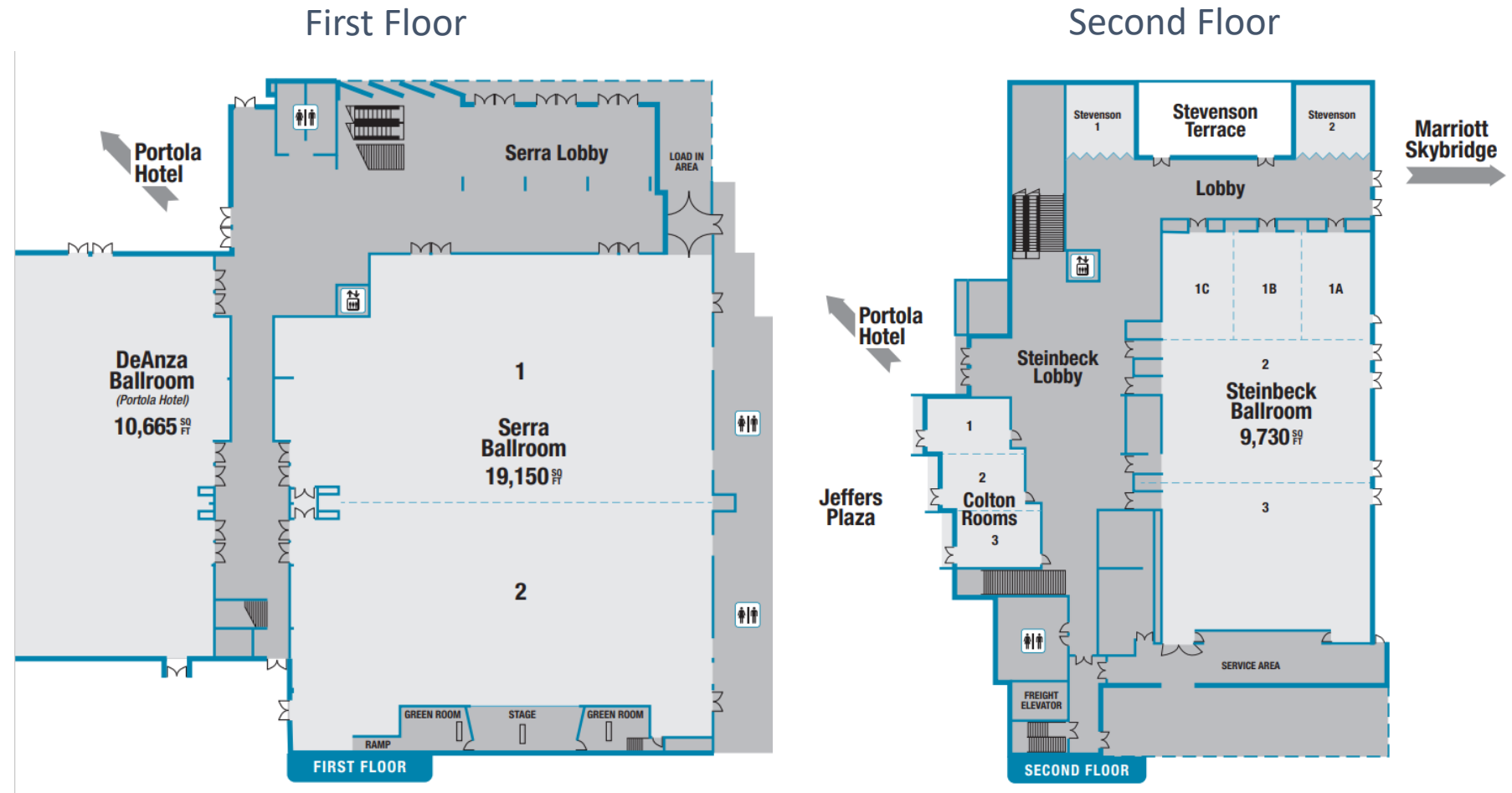
DRAFT REPORT . For Internal Discussion Only

Source: ESRI

Monterey Conference Center – Floor Plan



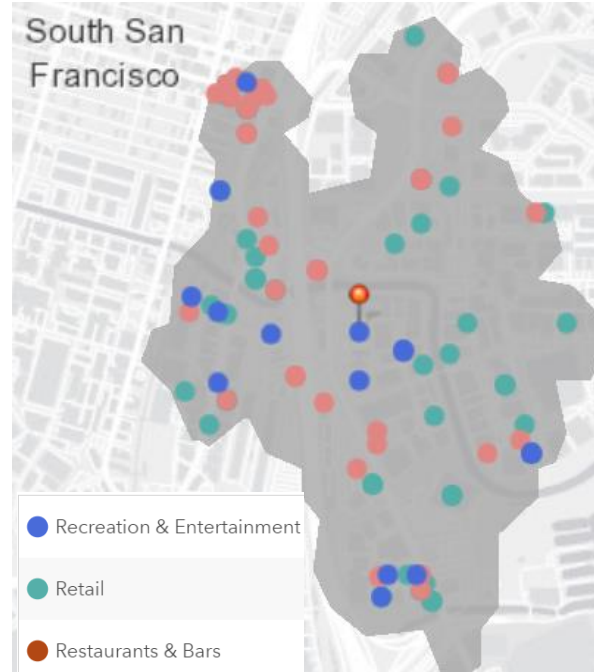
| Function Spaces | SF |
|-----------------------------|---------------|
| Serra Ballroom | 19,150 |
| Serra 1 | 10,500 |
| Serra 2 | 8,650 |
| Steinbeck Ballroom | 9,730 |
| Steinbeck 1 | 3,430 |
| Steinbeck 1A | 880 |
| Steinbeck 1B | 960 |
| Steinbeck 1C | 880 |
| Steinbeck 2 | 2,730 |
| Steinbeck 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



- 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



| 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 |

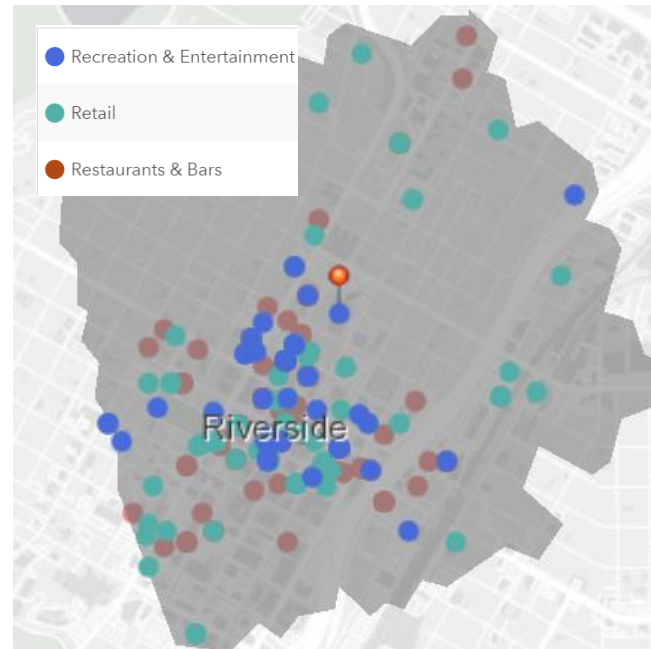
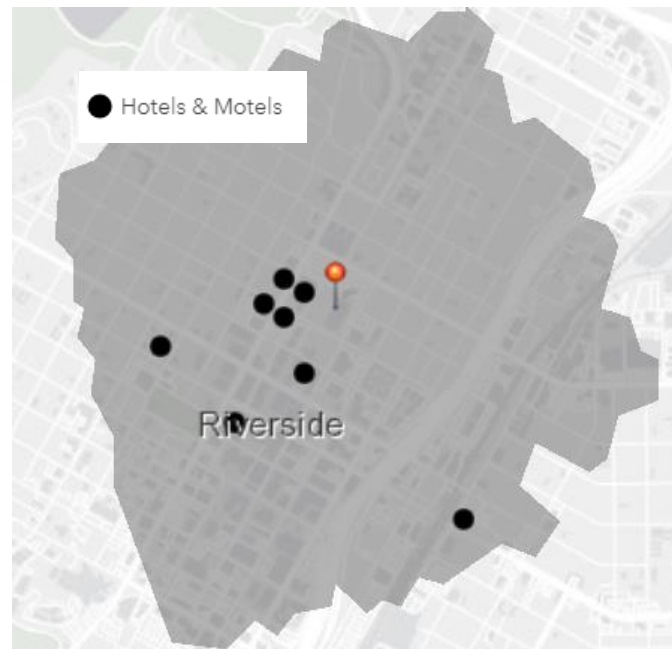


Source: South San Francisco Conference Center

Riverside Convention Center



- 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



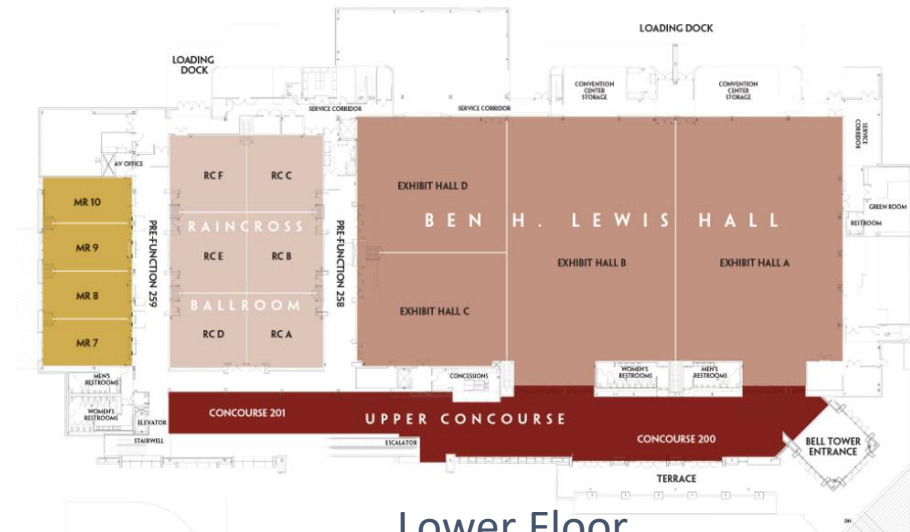
Number of Amenities within 15-Minute Walk

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

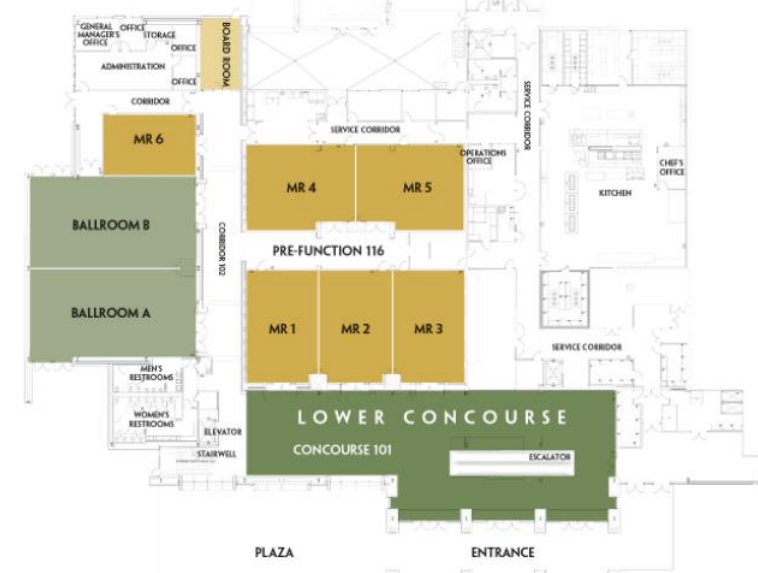
Riverside Convention Center – Floor Plan



Upper Floor



Lower Floor



| Function Spaces | SF |
|--------------------|--------|
| Ben H. Lewis Hall | 27,953 |
| Exhibit Hall A | 9,965 |
| Exhibit Hall B | 9,965 |
| Exhibit Hall C | 3,785 |
| Exhibit Hall D | 4,505 |
| Raincross Ballroom | 7,898 |
| RC A | 1,311 |
| RC B | 1,321 |
| RC C | 1,323 |
| RC D | 1,307 |
| RC E | 1,381 |
| RC F | 1,381 |
| Meeting Rooms 7-10 | 3,709 |
| MR 7 | 925 |
| MR 8 | 941 |
| MR 9 | 938 |
| MR 10 | 905 |

| Function Spaces | SF |
|-----------------------------|---------------|
| Ballroom | 3,999 |
| Ballroom A | 1,978 |
| Ballroom B | 2,017 |
| Meeting Rooms 1-6 | 6,447 |
| MR 1 | 1,080 |
| MR 2 | 1,115 |
| MR 3 | 1,090 |
| MR 4 | 1,202 |
| MR 5 | 1,202 |
| MR 6 | 758 |
| Board Room | 377 |
| Function Spaces | SF |
| Total Exhibit Space | 27,953 |
| Total Ballroom Space | 11,897 |
| Total Meeting Space | 10,533 |
| Total Function Space | 50,383 |

Site Analysis



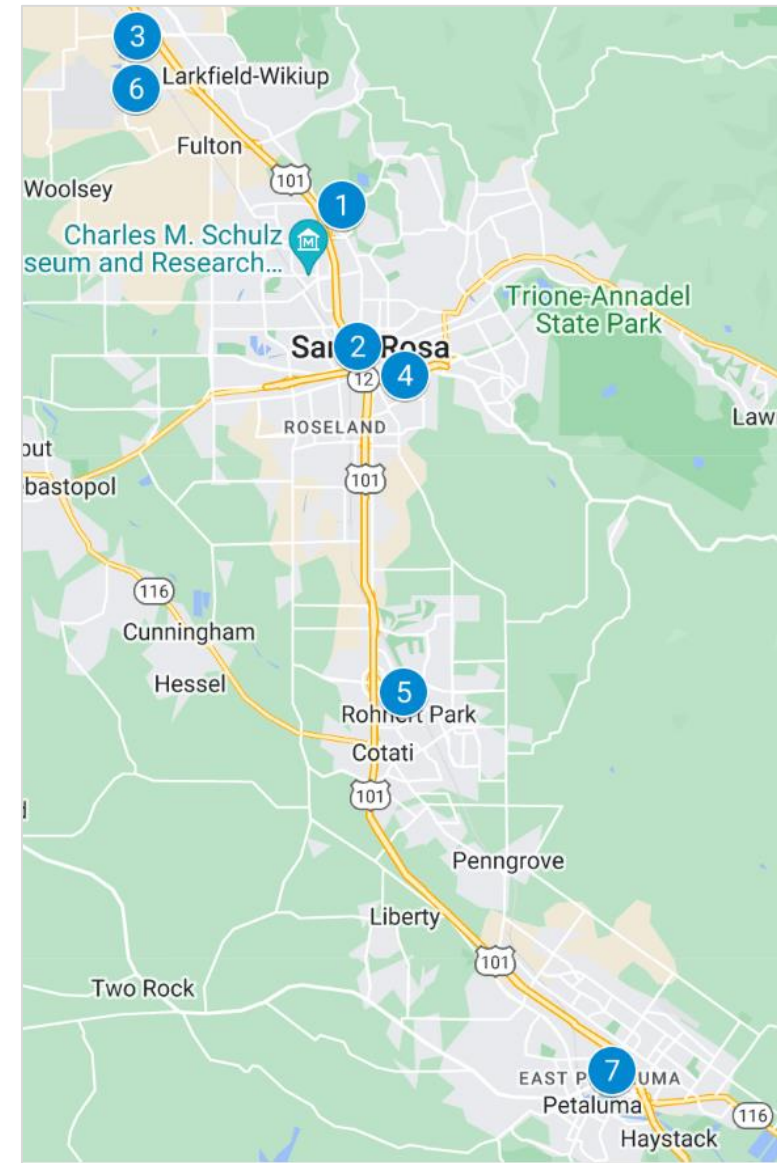
The suitability of the land for the development of entertainment and cultural event facilities is an important consideration affecting the economic viability of a property and its ultimate marketability. Factors such as size, topography, accessibility, visibility, and the proximity to other amenities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

- 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



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

| 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 |

Santa Rosa Mall



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) | |
|----------------------------|----|
| Nearest 101 Entrance | 2 |
| Nearest SMART Stop | 3 |
| STS Airport | 14 |

| Industry | 0.5 Mile Radius | 10 Minute Walk |
|---------------------------|-----------------|----------------|
| Lodging | 8 | 7 |
| Retail | 78 | 68 |
| Restaurants | 84 | 81 |
| Entertainment | 33 | 27 |
| *Mall stores not included | | |

Shiloh Lot



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



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

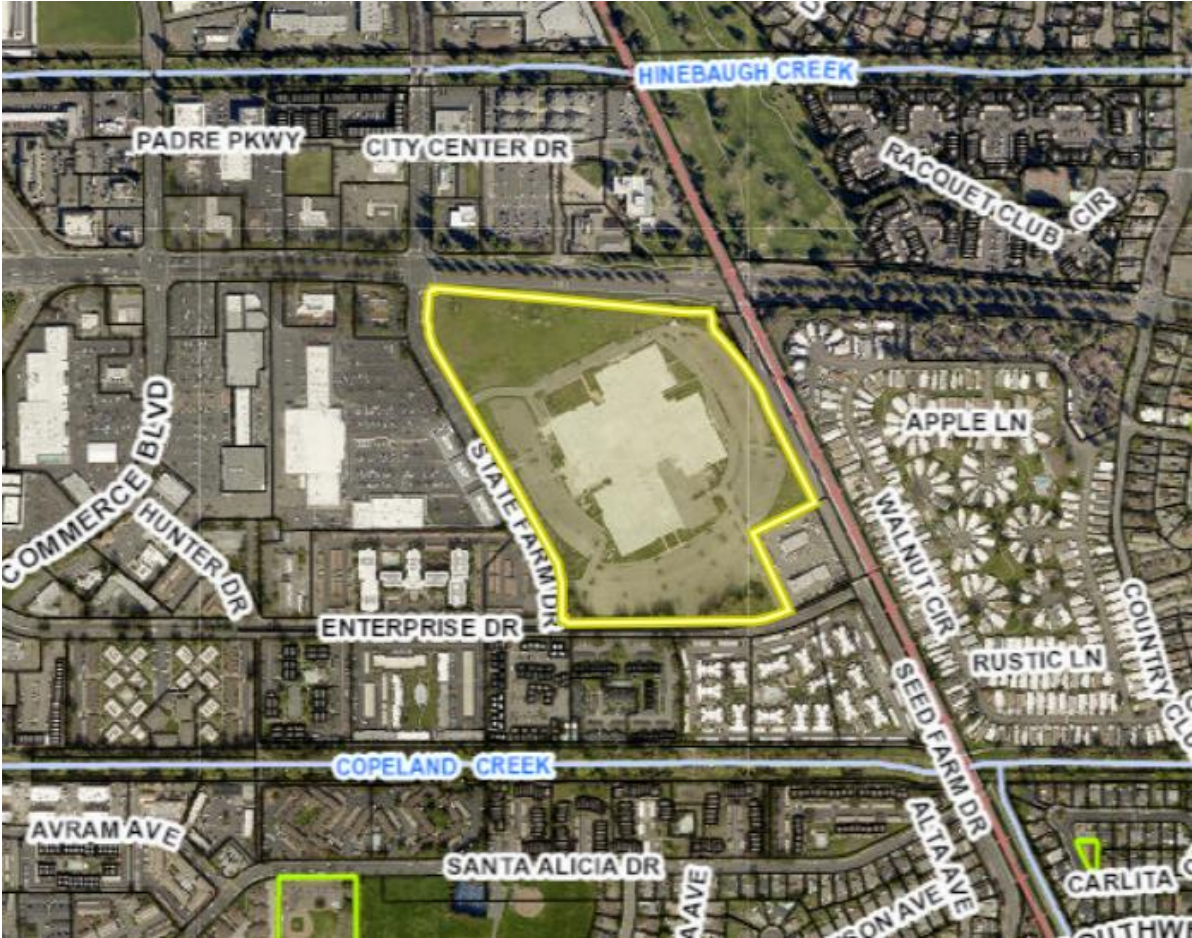
Cons:

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

| Driving Distance (Minutes) | |
|----------------------------|----|
| Nearest 101 Entrance | 3 |
| Nearest SMART Stop | 5 |
| STS Airport | 14 |

| Industry | 0.5 Mile Radius | 10 Minute Walk |
|--|-----------------|----------------|
| Lodging | 0 | 0 |
| Retail | 5 | 4 |
| Restaurants | 5 | 5 |
| Entertainment | 1 | 0 |
| *Fairground stores/activities not included | | |

State Farm Lot



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) | |
|----------------------------|----|
| Nearest 101 Entrance | 3 |
| Nearest SMART Stop | 3 |
| STS Airport | 20 |

| Industry | 0.5 Mile Radius | 10 Minute Walk |
|---------------|-----------------|----------------|
| Lodging | 1 | 0 |
| Retail | 36 | 17 |
| Restaurants | 33 | 9 |
| Entertainment | 13 | 8 |

Airport Boulevard



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) | |
|----------------------------|---|
| Nearest 101 Entrance | 2 |
| Nearest SMART Stop | 2 |
| STS Airport | 3 |

| Industry | 0.5 Mile Radius | 10 Minute Walk |
|---------------|-----------------|----------------|
| Lodging | 0 | 0 |
| Retail | 29 | 22 |
| Restaurants | 1 | 1 |
| Entertainment | 4 | 1 |

Petaluma Fairgrounds



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) | |
|----------------------------|----|
| Nearest 101 Entrance | 4 |
| Nearest SMART Stop | 5 |
| STS Airport | 30 |

| Industry | 0.5 Mile Radius | 10 Minute Walk |
|---------------|-----------------|----------------|
| Lodging | 3 | 2 |
| Retail | 51 | 30 |
| 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 neighborboing 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 /buisnesses 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 | 3 | 2 | 3 | 3 |
| | Pleasant/ Authentic Surrounding Area and Views | 2 | 3 | 2 | 1 | 1 | 2 | 1 | 1 | 1 |
| | Potential for future expansion | 3 | 1 | 3 | 3 | 1 | 1 | 3 | 3 | 3 |
| | Ability to assemble site | 5 | 2 | 2 | 3 | 3 | 3 | 2 | 2 | 2 |
| | Proximate to existing/planned lodging | 5 | 3 | 3 | 1 | 2 | 2 | 1 | 1 | 1 |
| | Proximate to retail/dining amenities | 4 | 2 | 3 | 2 | 2 | 3 | 2 | 2 | 2 |
| | Proximate to demand generators | 4 | 1 | 3 | 1 | 2 | 3 | 1 | 1 | 1 |
| | Infrastructure in place or planned | 3 | 3 | 3 | 2 | 2 | 3 | 2 | 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 | 2 |
| | Potential for compatible development | 4 | 2 | 3 | 2 | 2 | 2 | 2 | 2 | 2 |
| | Compliance with existing zoning | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| | Displacement of existing uses | 2 | 2 | 2 | 3 | 3 | 2 | 3 | 3 | 3 |
| | Compatibility with neighboring land uses | 3 | 2 | 3 | 1 | 2 | 3 | 1 | 2 | 2 |
| | Surrounding neighborhood safety | 3 | 3 | 2 | 3 | 2 | 2 | 3 | 2 | 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 | 3 |
| | Ease of access for pedestrians | 2 | 2 | 3 | 1 | 2 | 3 | 1 | 2 | 2 |
| | Ease of access for service vehicles | 3 | 3 | 2 | 2 | 3 | 2 | 3 | 3 | 3 |
| | Availability of existing parking | 4 | 3 | 3 | 1 | 2 | 1 | 1 | 2 | 2 |
| | Access to public transportation | 2 | 2 | 3 | 2 | 2 | 3 | 2 | 2 | 2 |
| | Potential for traffic congestion | 3 | 2 | 1 | 2 | 1 | 2 | 2 | 1 | 1 |
| | Proximity to Airports (SFO, OAK, STS) | 2 | 2 | 2 | 3 | 2 | 2 | 3 | 2 | 2 |
| | Proximity to SMART Train Stop | 2 | 2 | 3 | 2 | 2 | 3 | 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 | 2 |
| | Potential for City funding | 2 | 2 | 2 | 2 | 2 | 3 | 2 | 2 | 2 |
| | Cost of construction | 3 | 3 | 2 | 3 | 2 | 3 | 3 | 2 | 2 |
| | Potential for private investment | 5 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| | Opportunity costs - alternative land uses | 3 | 3 | 2 | 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



| 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 |
| Percent of Maximum | | 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

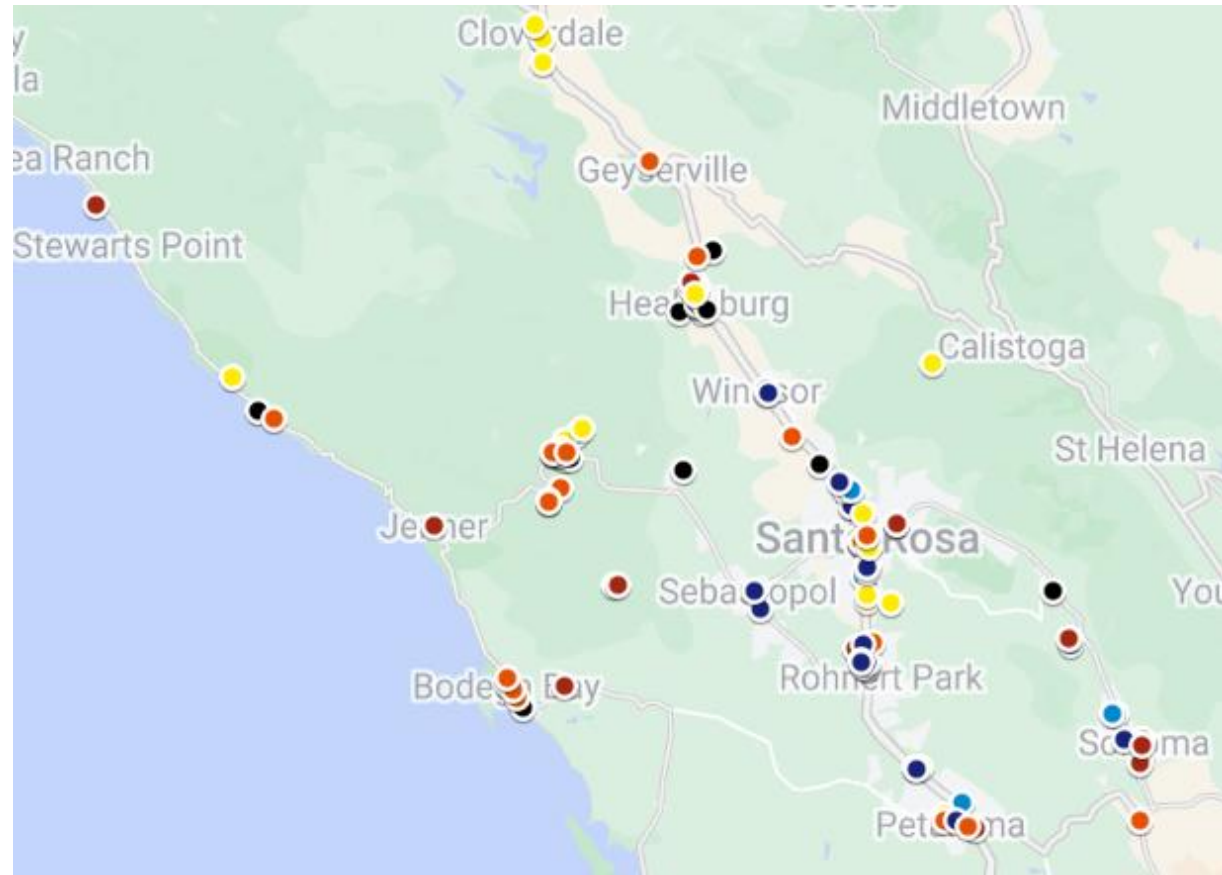


Hotel Supply in Sonoma County

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.



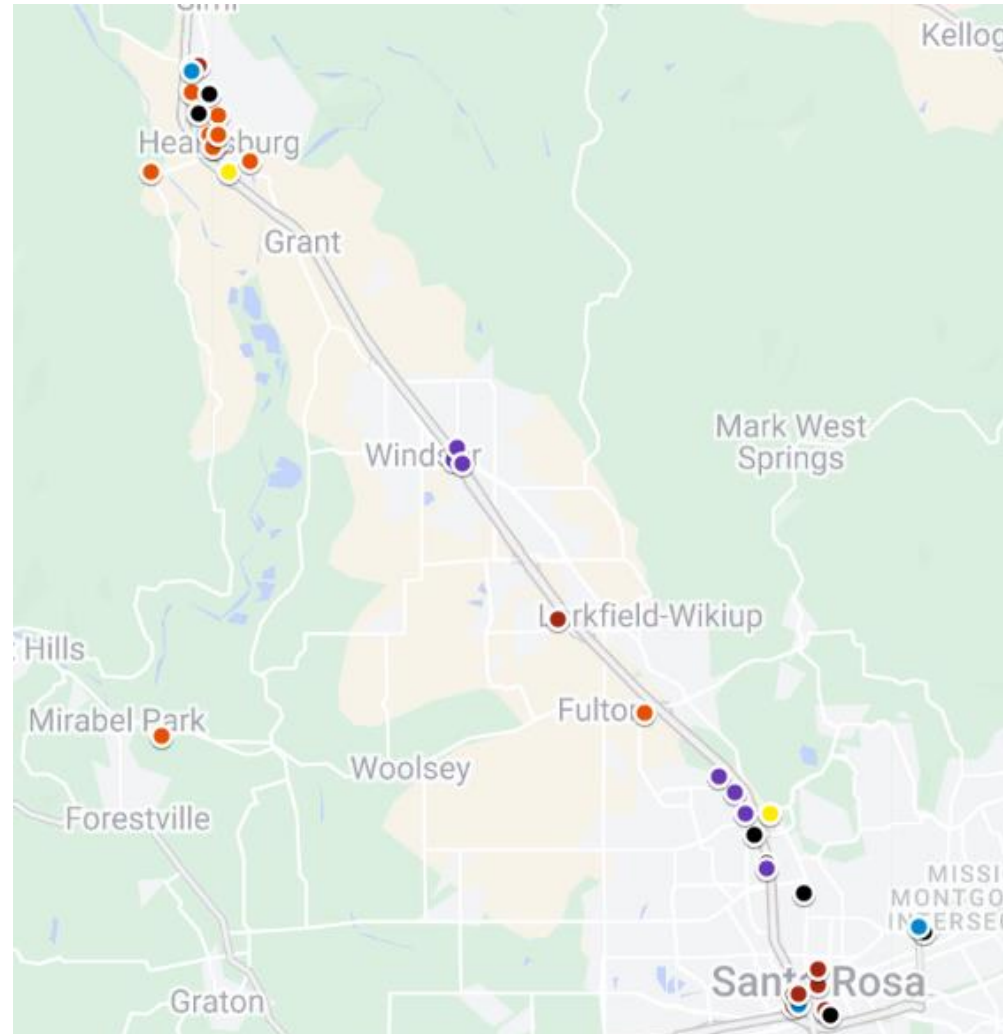
- Luxury Class
- Upper Midscale Class
- Upper Upscale Class
- Midscale Class
- Upscale Class
- Economy Class

Hotel Supply in Sonoma County– Continued

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.



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

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 Lytton 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.

Supply & Demand Analysis



Competitive New Supply

| Proposed Property | Number of Rooms | Total Competitive Level | Weighted Room Count | Estimated Opening Date | Developer |
|---|-----------------|-------------------------|---------------------|------------------------|------------------------|
| 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 | — | 1.3 % | (1.2) % | 2.4 % | 6.2 % | 8.1 % | 10.2 % | 5.1 % | 3.9 % | 2.5 % | 1.1 % |
| 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 | 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 North ² | | | | | 114 | 114 | 114 | 114 | 114 | 114 | 114 |
| Proposed Hyatt Place ³ | | | | | | 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

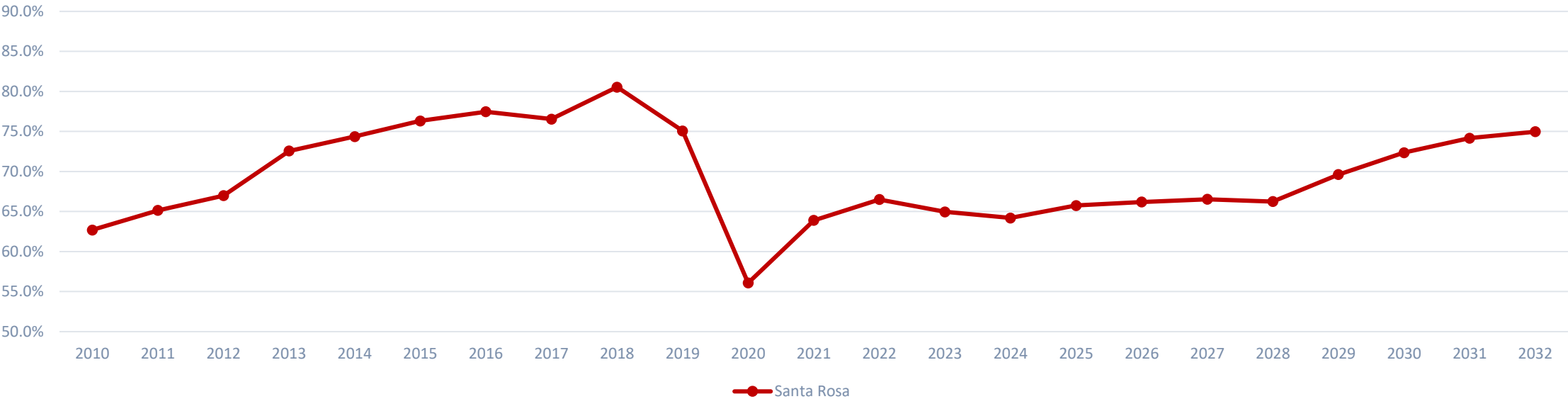
² Opening in January 2026 of the 100% competitive, 114-room Proposed Residence Inn by Marriott Santa Rosa North

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

Market Occupancy Forecast Methodology

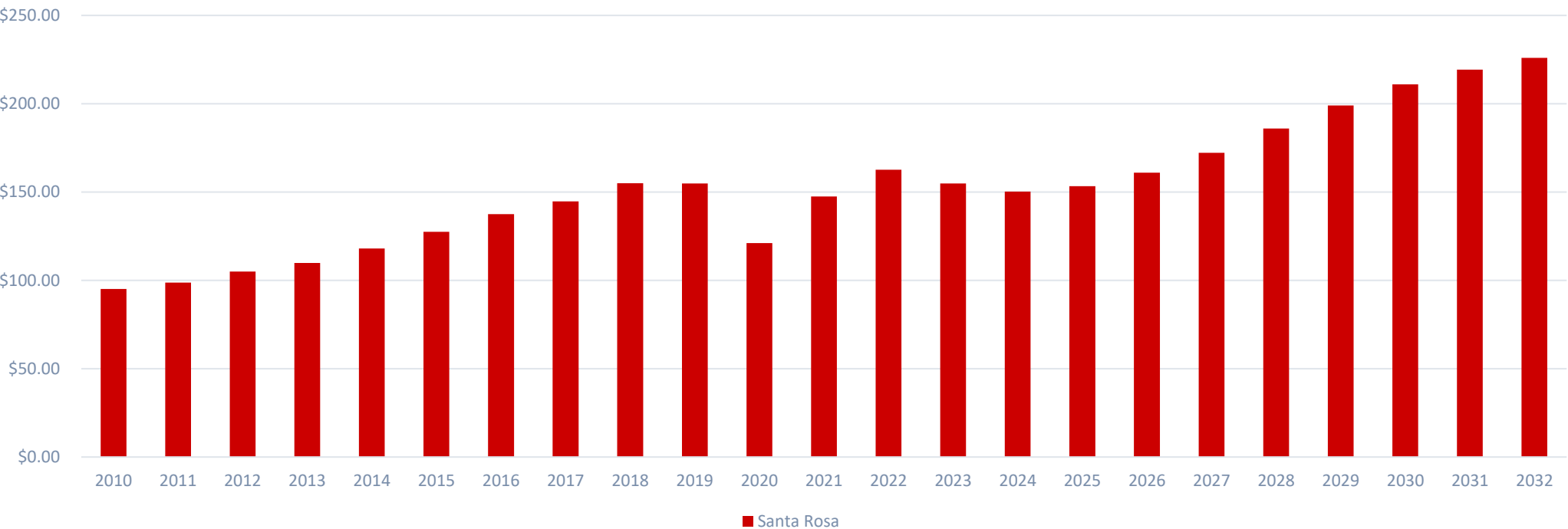
- We have identified three major segments for this market (commercial, leisure, meeting/group) and estimated the 2023 distribution of accommodated-room-night demand based on our fieldwork, area analysis, and knowledge of the local lodging market.
- Based upon a review of the market dynamics in the competitive 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 cyclicity, 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



Demand Methodology



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



| 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



| 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 | Attendee | \$60.00 |
| Consumer Shows | Attendee | 5.00 |
| Meetings | Attendee | 25.00 |
| Banquets | Attendee | 70.00 |
| Assemblies | Attendee | 5.00 |
| Facility Rental | | |
| Conventions/ Conferences | Event | \$3,750 |
| Consumer Shows | Event | 3,000 |
| Meetings | Event | 750 |
| Banquets | Event | 2,500 |
| Assemblies | Event | 2,500 |
| Event Services | | |
| Conventions/ Conferences | Event Days | \$4,000 |
| Consumer Shows | Event Days | 750 |
| Meetings | Event Days | 1,000 |
| Banquets | Event Days | 3,500 |
| Assemblies | Event Days | 750 |
| Audio Visual | | |
| Conventions/ Conferences | Event | \$4,500 |
| Consumer Shows | Event | 1,750 |
| Meetings | Event | 750 |
| Banquets | Event | 3,500 |
| Assemblies | 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



- 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% |

Operating Expenses



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 | 23 | | 1,605,000 |
| Benefits | | 25% | 401,250 |
| Total Full Time | | | 2,006,250 |
| Total Salaries and Benefits | | | 2,646,250 |

Pro Forma – (Inflated \$000's)



| | Opening Year CY 2028 | | Stabilized Year 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 |

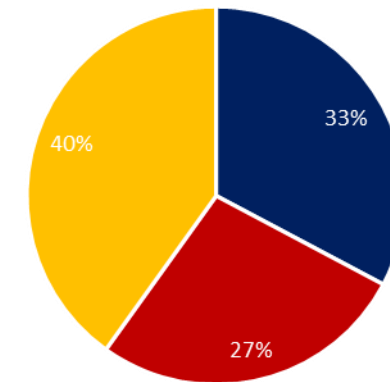
*638 parking spaces available in the 3-story parking garage

Forecast of Subject Hotel's Occupancy



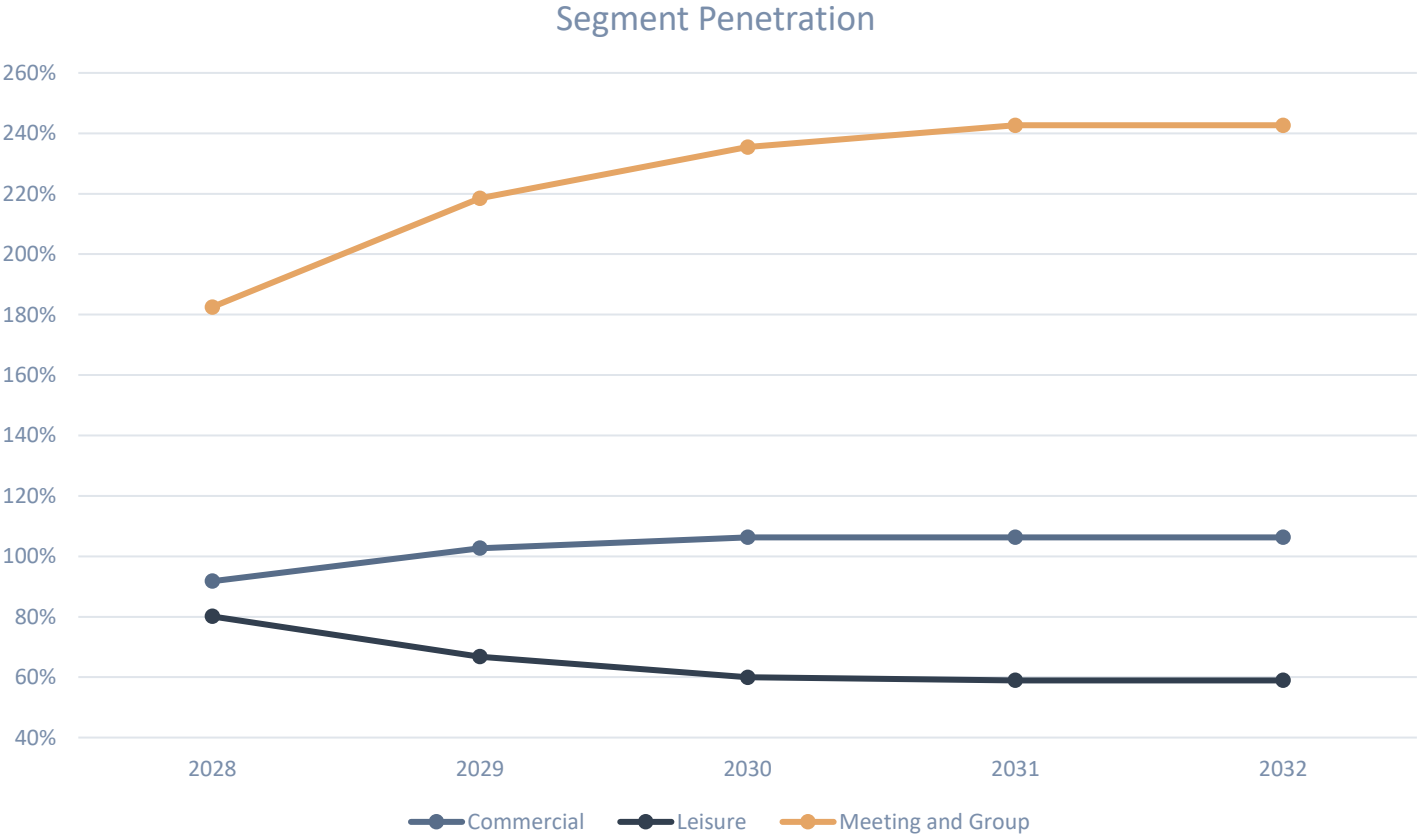
| Market Segment | 2028 | 2029 | 2030 | 2031 | 2032 |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Commercial | | | | | |
| Demand | 213,154 | 221,680 | 228,330 | 231,755 | 234,073 |
| Market Share | 8.8 % | 9.9 % | 10.2 % | 10.2 % | 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 % | 10 % | 10 % | 10 % | 10 % |
| Market-wide Occupied Room Nights | 629,432 | 661,498 | 687,452 | 704,599 | 712,267 |
| Market Share | 10 % | 10 % | 10 % | 10 % | 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.



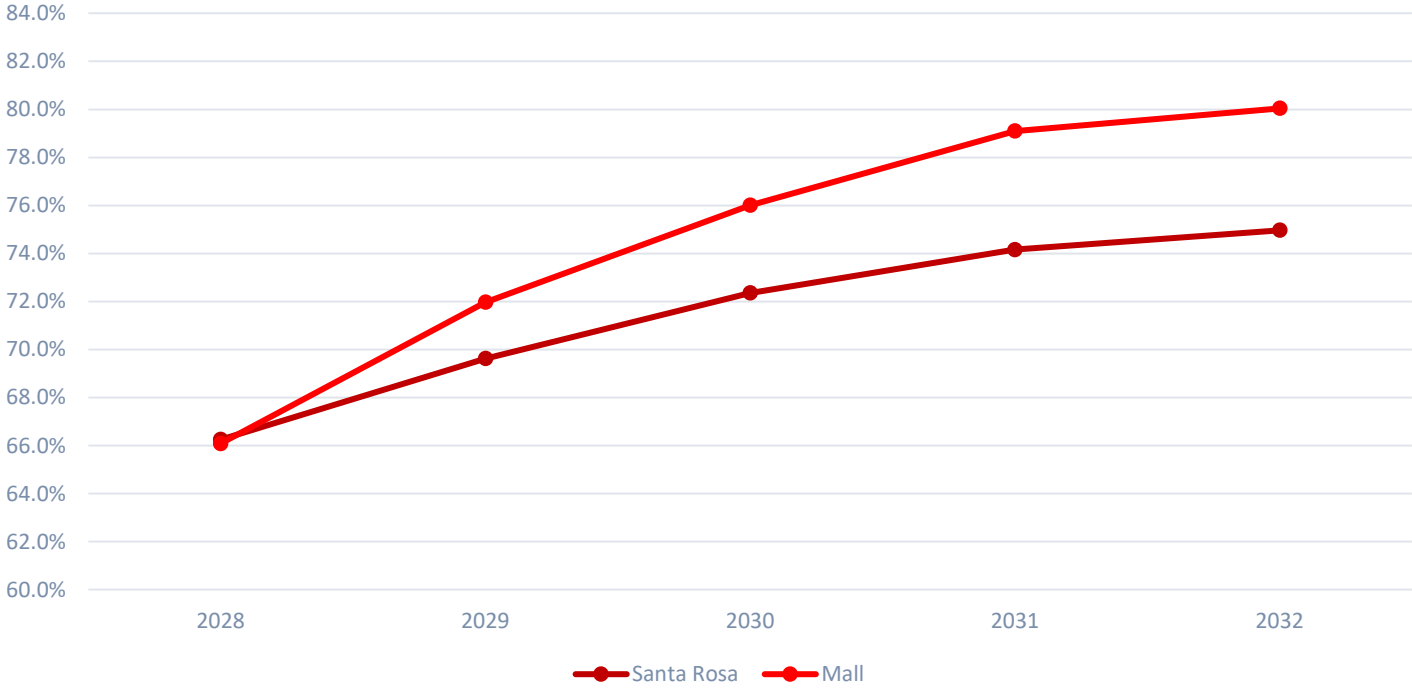
■ Commercial ■ Leisure ■ Meeting and Group

Proposed Hotel Segmentation Penetration



- 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



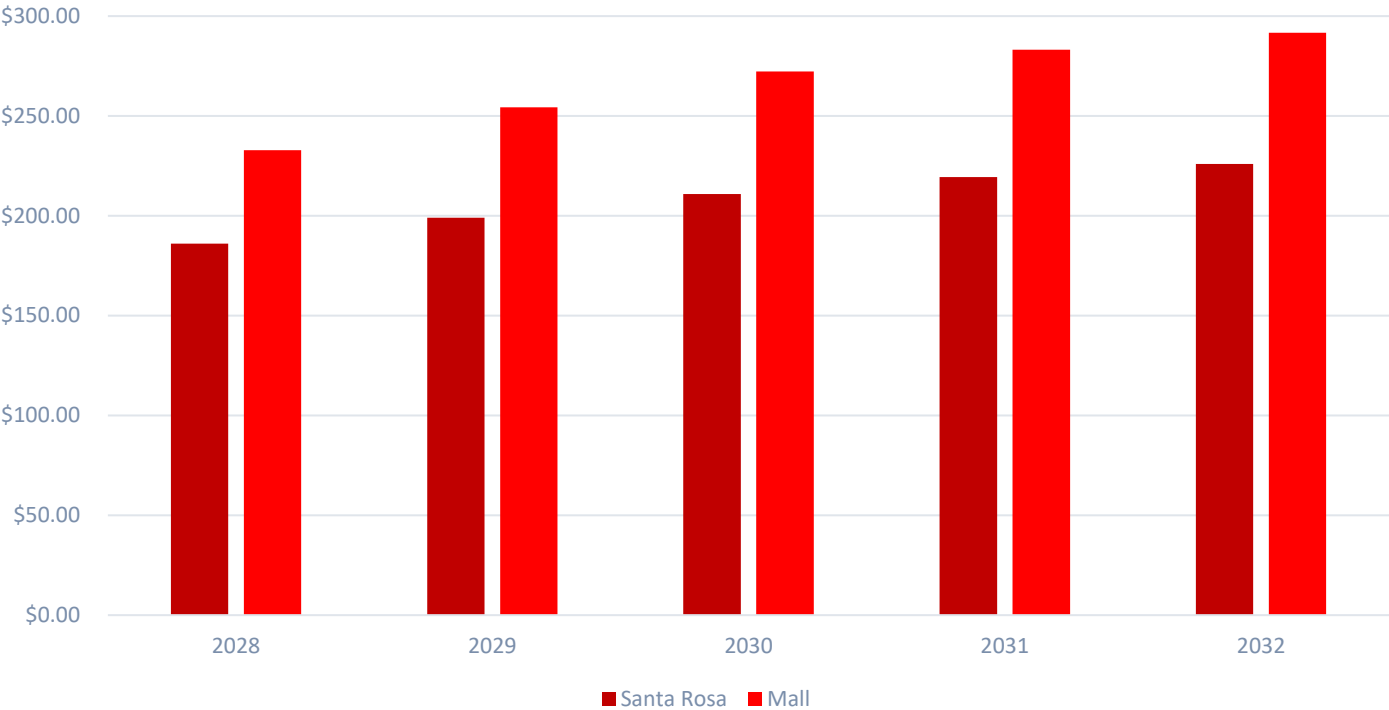
- Based on our analysis, we have assumed a stabilized occupancy level of 80.0%. The stabilized occupancy is intended to reflect the anticipated results of the property over its remaining economic life given all changes in the life cycle of the hotel.

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)



- 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



| | | | | | | | Projected | | | | | | | | |
|--|----------|----------|----------|----------|----------|----------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 2019 | 2020 | 2021 | 2022 | 2023 | | | | | | | | | | | |
| 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 | | | | | | | Projected | | | | | | | | |
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
| 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 % |

Forecast of Income & Expense Methodology (Comparable Operating Statements)

- 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 |
|--|------------|------------|------------|------------|------------|---------------|
| | | | | | | Stabilized \$ |
| Year: | 2019 | 2019 | 2019 | 2019 | 2019 | 2022 |
| 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



| | Comp 1 | Comp 2 | Comp 3 | Comp 4 | Comp 5 | Subject |
|--|------------|------------|------------|------------|------------|---------------|
| | | | | | | Stabilized \$ |
| Year: | 2019 | 2019 | 2019 | 2019 | 2019 | 2022 |
| 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 | \$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



| | Comp 1 | Comp 2 | Comp 3 | Comp 4 | Comp 5 | Subject |
|--|------------|------------|------------|------------|------------|---------------|
| | | | | | | Stabilized \$ |
| Year: | 2019 | 2019 | 2019 | 2019 | 2019 | 2022 |
| 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



| | 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



| | 2028 | | 2029 | | 2030 | | 2031 | | 2032 | | 2033 | | 2034 | | 2035 | | 2036 | | 2037 | |
|------------------------------------|----------|--------|----------|--------|----------|--------|----------|--------|----------|--------|----------|--------|----------|--------|----------|--------|----------|--------|----------|--------|
| Number of Rooms: | 250 | | 250 | | 250 | | 250 | | 250 | | 250 | | 250 | | 250 | | 250 | | 250 | |
| Occupied Rooms: | 60,225 | | 65,700 | | 69,350 | | 72,088 | | 73,000 | | 73,000 | | 73,000 | | 73,000 | | 73,000 | | 73,000 | |
| Occupancy: | 66% | | 72% | | 76% | | 79% | | 80% | | 80% | | 80% | | 80% | | 80% | | 80% | |
| Average Rate: | \$232.90 | % of | \$254.34 | % of | \$272.33 | % of | \$283.22 | % of | \$291.72 | % of | \$300.47 | % of | \$309.48 | % of | \$318.76 | % of | \$328.33 | % of | \$338.18 | % of |
| RevPAR: | \$153.71 | Gross | \$183.13 | Gross | \$206.97 | Gross | \$223.74 | Gross | \$233.37 | Gross | \$240.37 | Gross | \$247.58 | Gross | \$255.01 | Gross | \$262.66 | Gross | \$270.54 | Gross |
| OPERATING REVENUE | | | | | | | | | | | | | | | | | | | | |
| Rooms | \$14,026 | 66.1 % | \$16,710 | 65.9 % | \$18,886 | 66.0 % | \$20,417 | 66.4 % | \$21,295 | 66.5 % | \$21,934 | 66.5 % | \$22,592 | 66.5 % | \$23,270 | 66.5 % | \$23,968 | 66.5 % | \$24,687 | 66.5 % |
| Food | 4,089 | 19.3 | 4,734 | 18.7 | 5,340 | 18.7 | 5,661 | 18.4 | 5,886 | 18.4 | 6,063 | 18.4 | 6,245 | 18.4 | 6,432 | 18.4 | 6,625 | 18.4 | 6,824 | 18.4 |
| Beverage | 1,837 | 8.7 | 2,171 | 8.6 | 2,516 | 8.8 | 2,648 | 8.6 | 2,747 | 8.6 | 2,829 | 8.6 | 2,914 | 8.6 | 3,002 | 8.6 | 3,092 | 8.6 | 3,184 | 8.6 |
| Other Operated Departments | 372 | 1.8 | 427 | 1.7 | 455 | 1.6 | 474 | 1.5 | 491 | 1.5 | 505 | 1.5 | 520 | 1.5 | 536 | 1.5 | 552 | 1.5 | 569 | 1.5 |
| Resort Fees | 732 | 3.5 | 1,128 | 4.5 | 1,233 | 4.3 | 1,360 | 4.4 | 1,416 | 4.4 | 1,459 | 4.4 | 1,503 | 4.4 | 1,548 | 4.4 | 1,594 | 4.4 | 1,642 | 4.4 |
| Miscellaneous Income | 149 | 0.7 | 171 | 0.7 | 182 | 0.6 | 190 | 0.6 | 196 | 0.6 | 202 | 0.6 | 208 | 0.6 | 214 | 0.6 | 221 | 0.6 | 227 | 0.6 |
| Total Operating Revenues | 21,205 | 100.0 | 25,340 | 100.0 | 28,614 | 100.0 | 30,751 | 100.0 | 32,031 | 100.0 | 32,993 | 100.0 | 33,982 | 100.0 | 35,002 | 100.0 | 36,052 | 100.0 | 37,134 | 100.0 |
| DEPARTMENTAL EXPENSES * | | | | | | | | | | | | | | | | | | | | |
| Rooms | 4,223 | 30.1 | 4,490 | 26.9 | 4,721 | 25.0 | 4,937 | 24.2 | 5,111 | 24.0 | 5,264 | 24.0 | 5,422 | 24.0 | 5,585 | 24.0 | 5,752 | 24.0 | 5,925 | 24.0 |
| Food & Beverage | 4,820 | 81.3 | 5,217 | 75.6 | 5,608 | 71.4 | 5,845 | 70.3 | 6,043 | 70.0 | 6,225 | 70.0 | 6,411 | 70.0 | 6,604 | 70.0 | 6,802 | 70.0 | 7,006 | 70.0 |
| Other Operated Departments | 208 | 56.0 | 221 | 51.8 | 230 | 50.5 | 238 | 50.1 | 245 | 50.0 | 253 | 50.0 | 260 | 50.0 | 268 | 50.0 | 276 | 50.0 | 284 | 50.0 |
| Total Expenses | 9,251 | 43.6 | 9,928 | 39.2 | 10,559 | 36.9 | 11,020 | 35.8 | 11,399 | 35.6 | 11,741 | 35.6 | 12,094 | 35.6 | 12,456 | 35.6 | 12,830 | 35.6 | 13,215 | 35.6 |
| DEPARTMENTAL INCOME | | | | | | | | | | | | | | | | | | | | |
| | 11,953 | 56.4 | 15,412 | 60.8 | 18,055 | 63.1 | 19,731 | 64.2 | 20,632 | 64.4 | 21,251 | 64.4 | 21,889 | 64.4 | 22,546 | 64.4 | 23,222 | 64.4 | 23,918 | 64.4 |
| UNDISTRIBUTED OPERATING EXPENSES | | | | | | | | | | | | | | | | | | | | |
| Administrative & General | 1,692 | 8.0 | 1,801 | 7.1 | 1,896 | 6.6 | 1,974 | 6.4 | 2,039 | 6.4 | 2,100 | 6.4 | 2,163 | 6.4 | 2,228 | 6.4 | 2,295 | 6.4 | 2,364 | 6.4 |
| Info & Telecom Systems | 338 | 1.6 | 360 | 1.4 | 379 | 1.3 | 395 | 1.3 | 408 | 1.3 | 420 | 1.3 | 433 | 1.3 | 446 | 1.3 | 459 | 1.3 | 473 | 1.3 |
| Marketing | 2,031 | 9.6 | 2,161 | 8.5 | 2,275 | 8.0 | 2,369 | 7.7 | 2,447 | 7.6 | 2,520 | 7.6 | 2,596 | 7.6 | 2,674 | 7.6 | 2,754 | 7.6 | 2,837 | 7.6 |
| Prop. Operations & Maint. | 635 | 3.0 | 792 | 3.1 | 924 | 3.2 | 987 | 3.2 | 1,020 | 3.2 | 1,050 | 3.2 | 1,082 | 3.2 | 1,114 | 3.2 | 1,148 | 3.2 | 1,182 | 3.2 |
| Utilities | 818 | 3.9 | 870 | 3.4 | 916 | 3.2 | 954 | 3.1 | 986 | 3.1 | 1,015 | 3.1 | 1,046 | 3.1 | 1,077 | 3.1 | 1,109 | 3.1 | 1,143 | 3.1 |
| Total Expenses | 5,514 | 26.1 | 5,984 | 23.5 | 6,392 | 22.3 | 6,679 | 21.7 | 6,899 | 21.6 | 7,106 | 21.6 | 7,319 | 21.6 | 7,539 | 21.6 | 7,765 | 21.6 | 7,998 | 21.6 |
| GROSS OPERATING PROFIT | | | | | | | | | | | | | | | | | | | | |
| | 6,439 | 30.4 | 9,427 | 37.2 | 11,663 | 40.8 | 13,052 | 42.4 | 13,733 | 42.9 | 14,145 | 42.9 | 14,569 | 42.9 | 15,007 | 42.9 | 15,457 | 42.9 | 15,920 | 42.9 |
| Management Fee | 636 | 3.0 | 760 | 3.0 | 858 | 3.0 | 923 | 3.0 | 961 | 3.0 | 990 | 3.0 | 1,019 | 3.0 | 1,050 | 3.0 | 1,082 | 3.0 | 1,114 | 3.0 |
| INCOME BEFORE NON-OPR. INC. & EXP. | | | | | | | | | | | | | | | | | | | | |
| | 5,803 | 27.4 | 8,667 | 34.2 | 10,805 | 37.8 | 12,130 | 39.4 | 12,772 | 39.9 | 13,155 | 39.9 | 13,550 | 39.9 | 13,957 | 39.9 | 14,375 | 39.9 | 14,806 | 39.9 |
| NON-OPERATING INCOME & EXPENSE | | | | | | | | | | | | | | | | | | | | |
| Property Taxes | 1,149 | 5.4 | 1,171 | 4.6 | 1,195 | 4.2 | 1,219 | 4.0 | 1,243 | 3.9 | 1,268 | 3.8 | 1,293 | 3.8 | 1,319 | 3.8 | 1,346 | 3.7 | 1,373 | 3.7 |
| Insurance | 418 | 2.0 | 430 | 1.7 | 443 | 1.5 | 457 | 1.5 | 470 | 1.5 | 484 | 1.5 | 499 | 1.5 | 514 | 1.5 | 529 | 1.5 | 545 | 1.5 |
| Total Expenses | 1,566 | 7.4 | 1,602 | 6.3 | 1,638 | 5.7 | 1,675 | 5.5 | 1,714 | 5.4 | 1,753 | 5.3 | 1,792 | 5.3 | 1,833 | 5.3 | 1,875 | 5.2 | 1,918 | 5.2 |
| EBITDA | | | | | | | | | | | | | | | | | | | | |
| | 4,236 | 20.0 | 7,065 | 27.9 | 9,166 | 32.1 | 10,454 | 33.9 | 11,058 | 34.5 | 11,403 | 34.6 | 11,757 | 34.6 | 12,123 | 34.6 | 12,500 | 34.7 | 12,888 | 34.7 |
| Reserve for Replacement | 424 | 2.0 | 760 | 3.0 | 1,145 | 4.0 | 1,230 | 4.0 | 1,281 | 4.0 | 1,320 | 4.0 | 1,359 | 4.0 | 1,400 | 4.0 | 1,442 | 4.0 | 1,485 | 4.0 |
| EBITDA LESS RESERVE | | | | | | | | | | | | | | | | | | | | |
| | \$3,812 | 18.0 % | \$6,305 | 24.9 % | \$8,022 | 28.0 % | \$9,224 | 30.0 % | \$9,777 | 30.5 % | \$10,083 | 30.6 % | \$10,398 | 30.6 % | \$10,723 | 30.6 % | \$11,058 | 30.7 % | \$11,403 | 30.7 % |

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

Revenue Definitions



- **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.

Expense Definitions



- **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



| | Year | Total Revenue | | Gross Operating Profit | | House Profit Ratio | EBITDA Less Replacement Reserve | | |
|------------------|------|---------------|----------|------------------------|----------|--------------------|---------------------------------|----------|-------------------|
| | | Total | % Change | Total | % Change | | Total | % Change | As a % of Ttl Rev |
| 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 |
|-------------------|------|------------|----------------|-----------------|--------------------|---------------|-----------------------------------|-------------------------------|
| 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 |
|--|------------------|----------------------|
| Building | \$360,000 | \$90,000,000 |
| Soft Costs | 80,000 | 20,000,000 |
| Furniture, Fixtures, & Equipment | 40,000 | 10,000,000 |
| Pre-Opening Costs & Working Capital | 20,000 | 5,000,000 |
| Developer Fee (if Applicable) | 0 | 0 |
| Land | 0 | 0 |
| Total Cost New Before Incentive | \$500,000 | \$125,000,000 |

Mortgage

| | |
|---------------------------------|---------------|
| Initial Cost | \$125,000,000 |
| Loan to cost | 75.0% |
| Mortgage Amount | \$93,750,000 |
| Assumed interest rate | 5.50% |
| Assumed Amortization | 25 years |
| Debt Service Constant | 0.07369 |
| 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

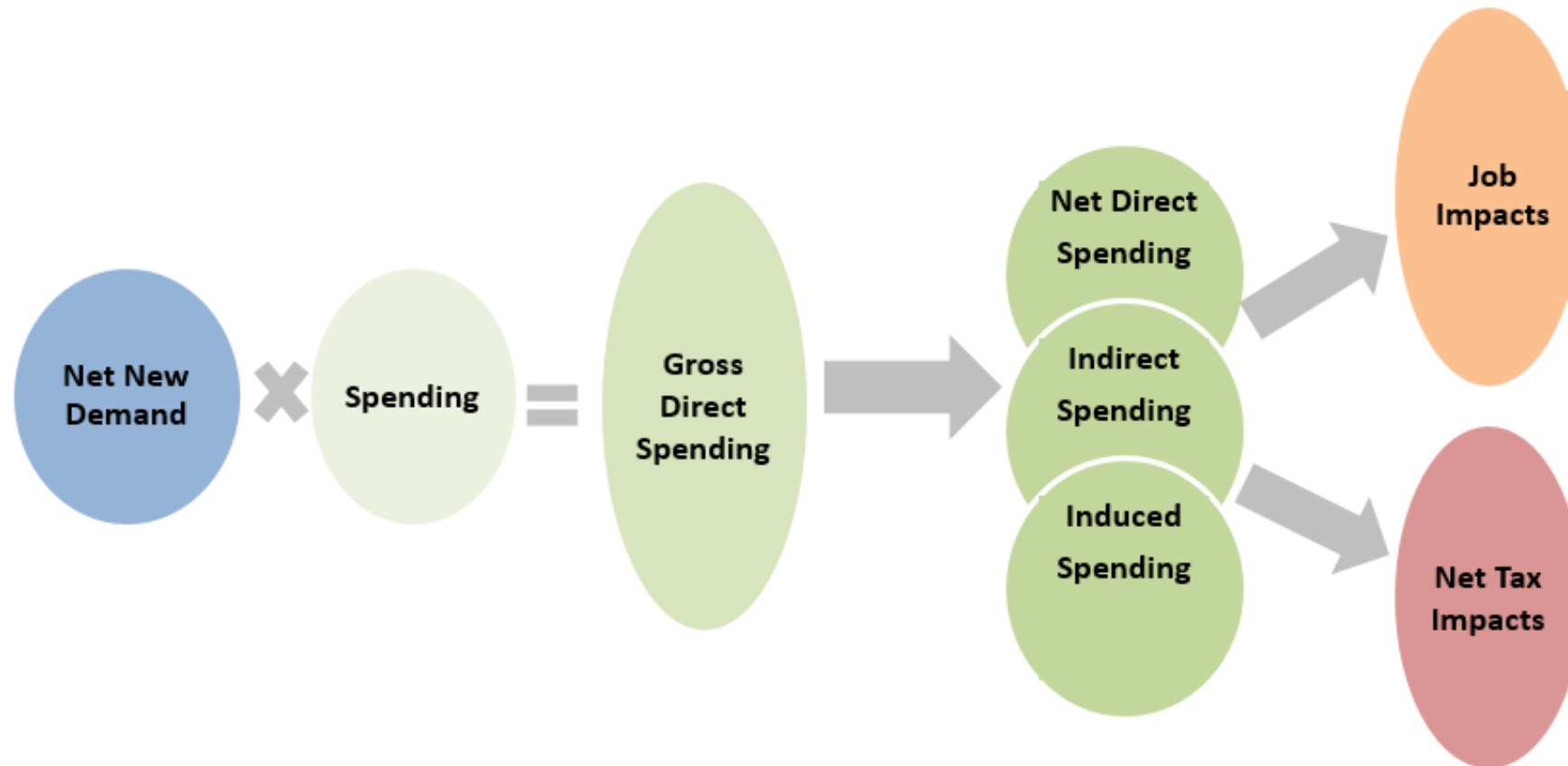


| Year | Total Project | | Mortgage Component | | Equity Component | |
|---------------------|-----------------|----------------------------|--------------------|----------------------------|------------------|----------------------------|
| | Total EBITDA | Annual Cash on Cash Return | Debt Service | 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





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 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 |
| Percent of Day Trips within County | 39% |

| 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



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

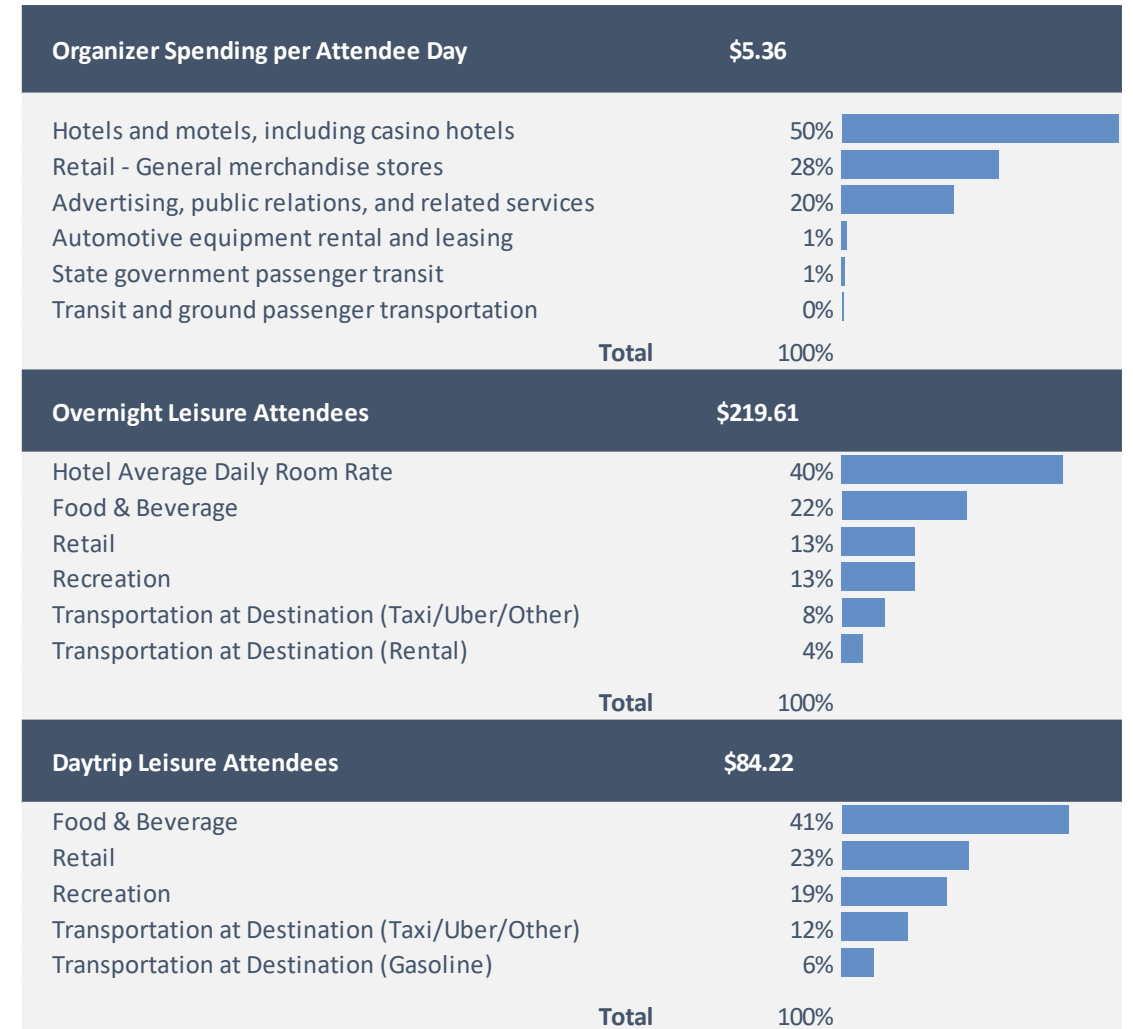
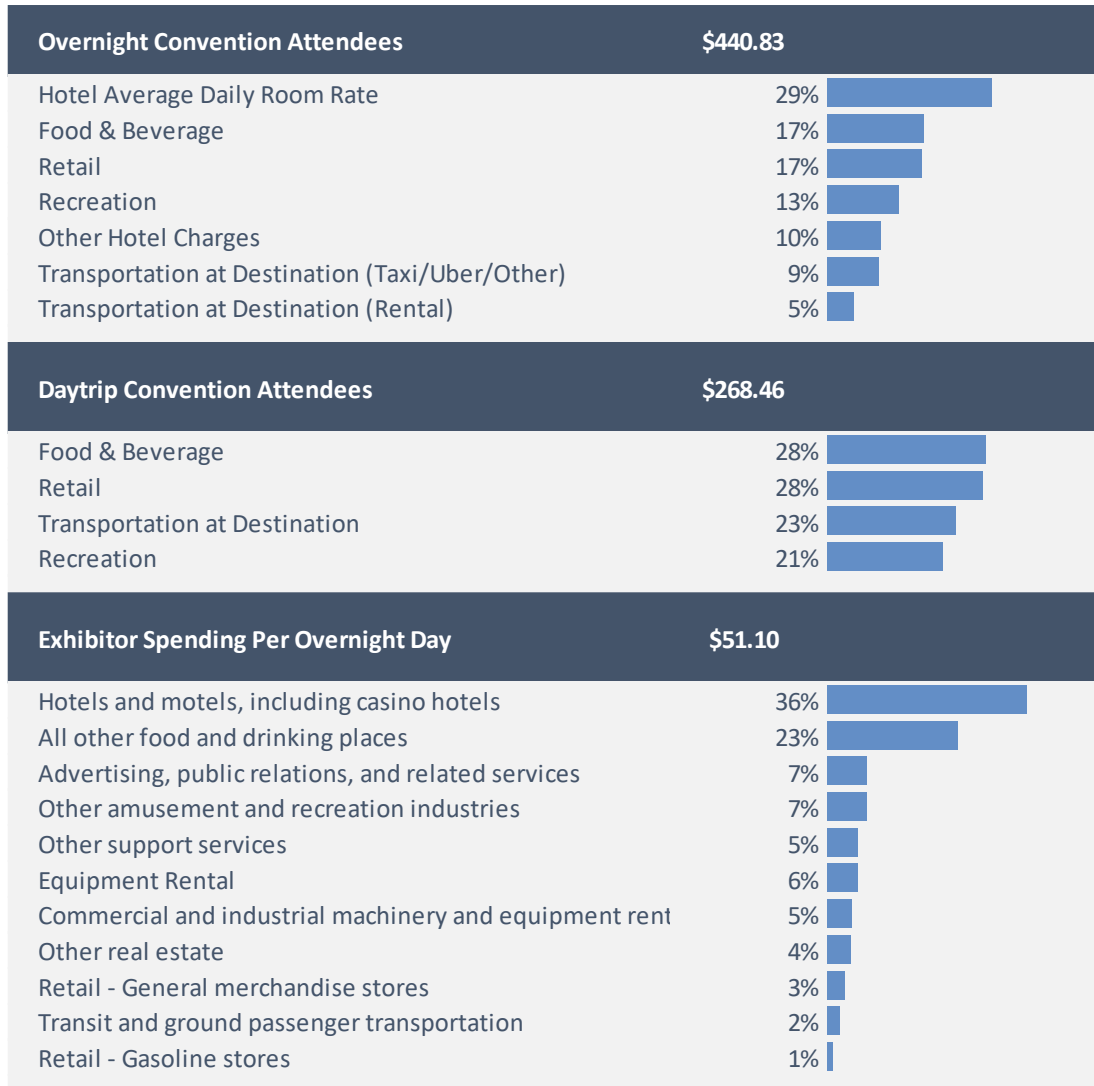
| | Overnight Visitor Days | Day Trips |
|--------------------------|---------------------------|-----------|
| Conventions/ Conferences | 9,800 | 14,900 |
| Consumer Shows | 400 | 8,800 |
| Meetings | 11,300 | 20,700 |
| Banquets | 1,000 | 19,100 |
| Assemblies | 400 | 7,000 |
| Total | 22,900 | 70,500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

Spending Data Sources



- **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



Facility Revenue



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 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)



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 |
| | | | <u>\$3,235,700</u> |

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



| 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

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



Conference Center Financing



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.

Conference Center Financing



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.



Monterey Conference Center



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



- 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.



South San Francisco 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 |
| <i>*Assumed 1.3 coverage ratio for debt service payments</i> | |

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 |
| <i>*Anticipated New Hotel Development</i> | | | | | | |

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 | \$2,405,825 |
| Total | <hr/> \$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

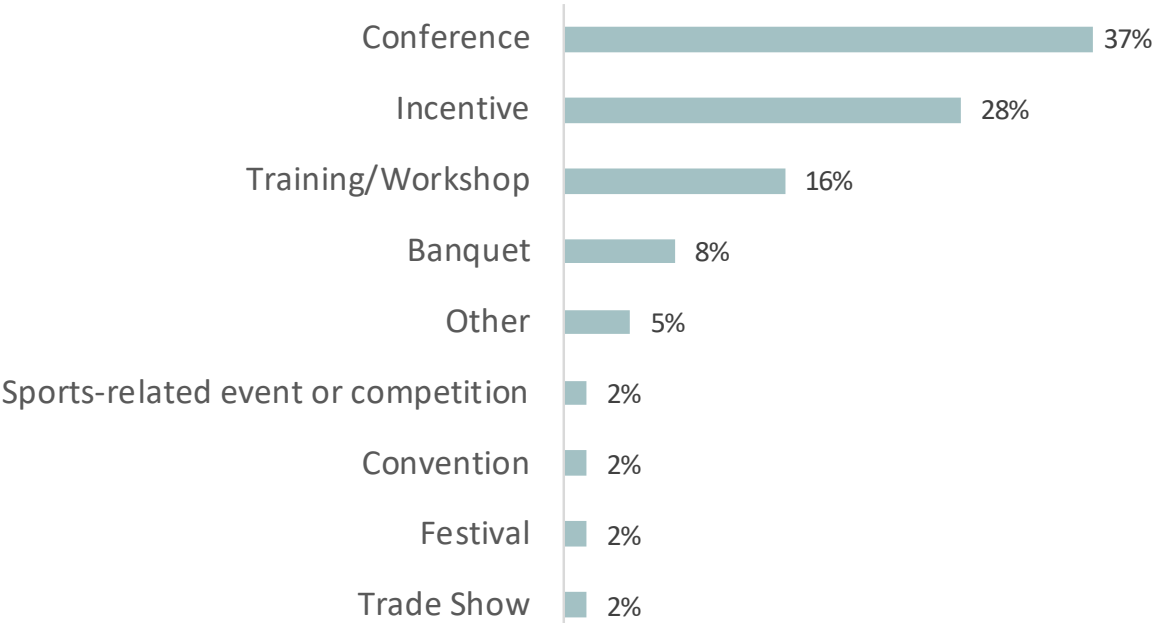


Have you held a meeting, convention, trade show, or other type of event in Sonoma County during the past five years?



n=147

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

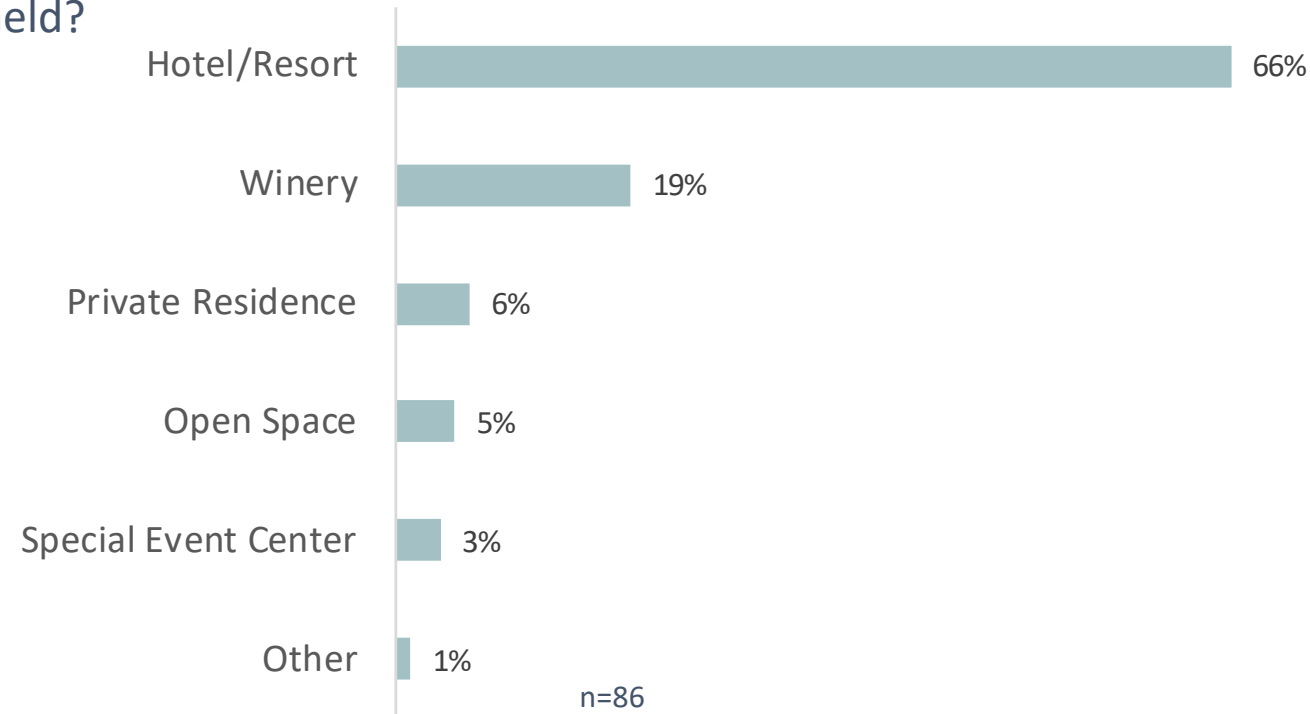


n=64

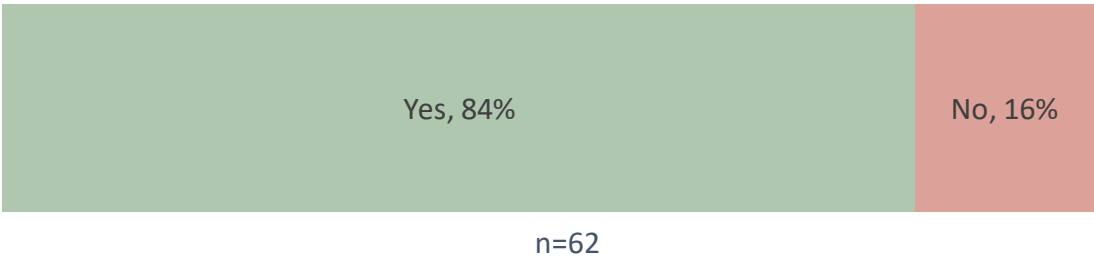
Event Location and Lodging Need



Where was your event held?



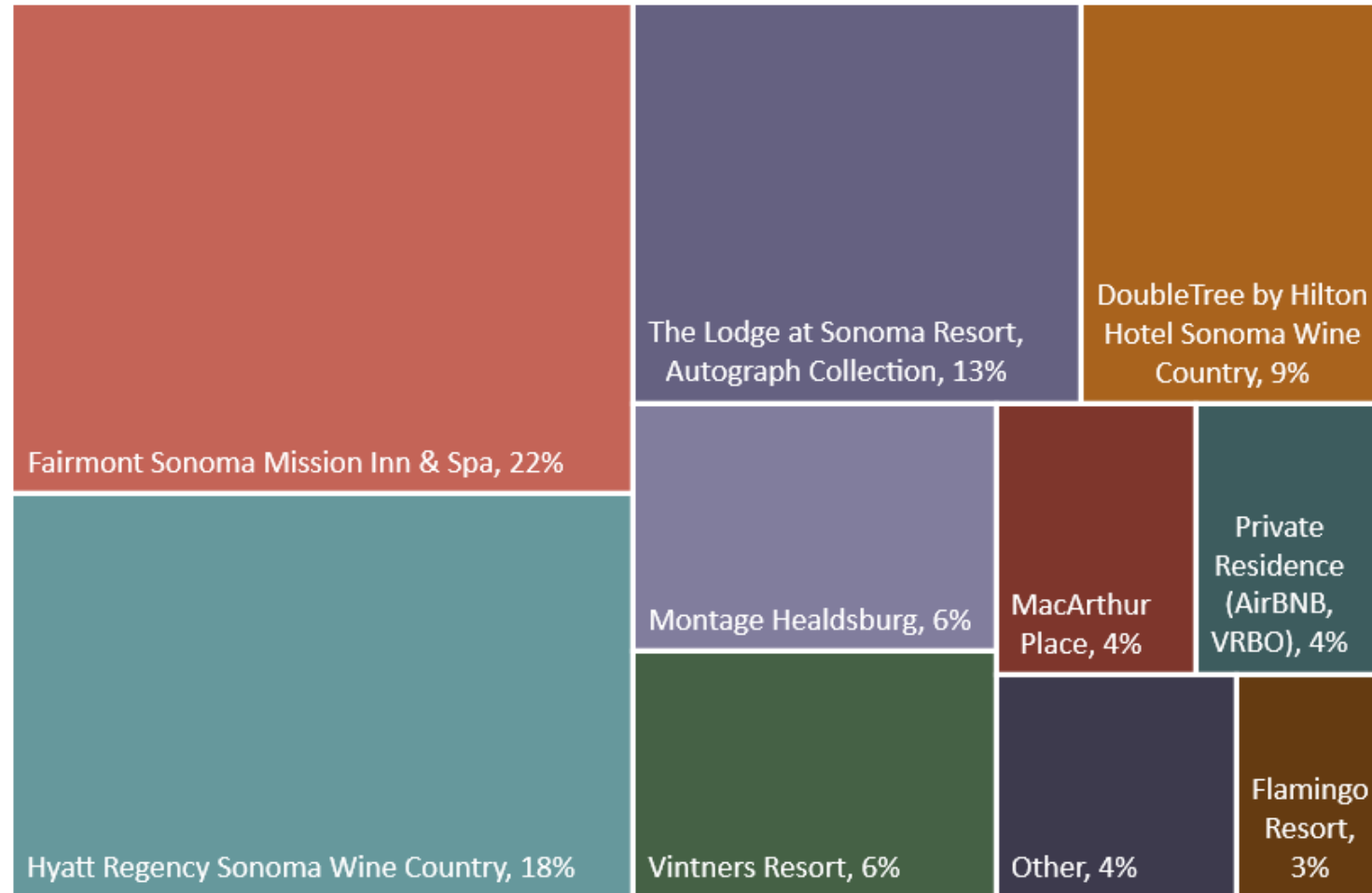
During your event in Sonoma County, did you use any area lodging?



Hotels Used for Event



Which lodging did you use for your event?

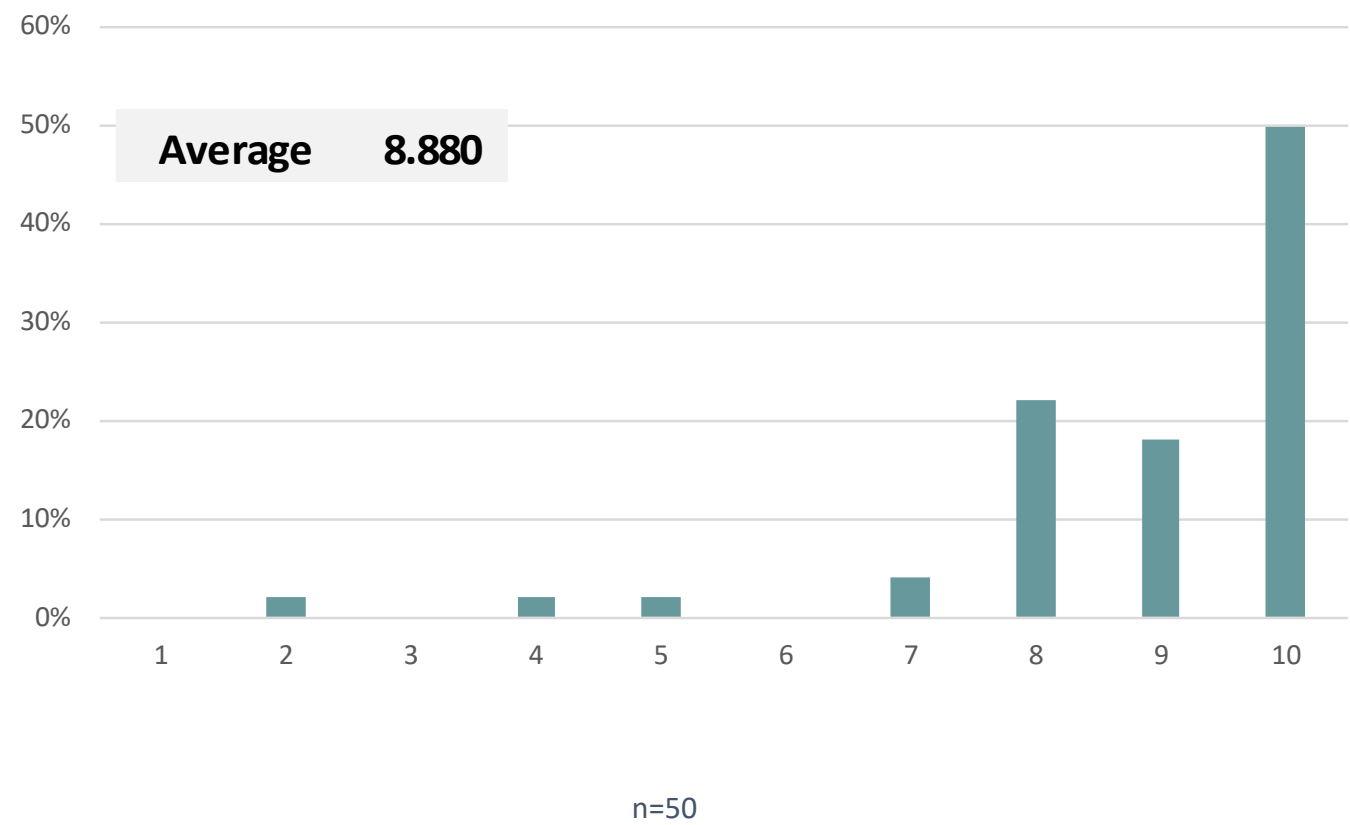


n=79

Hotel Rating



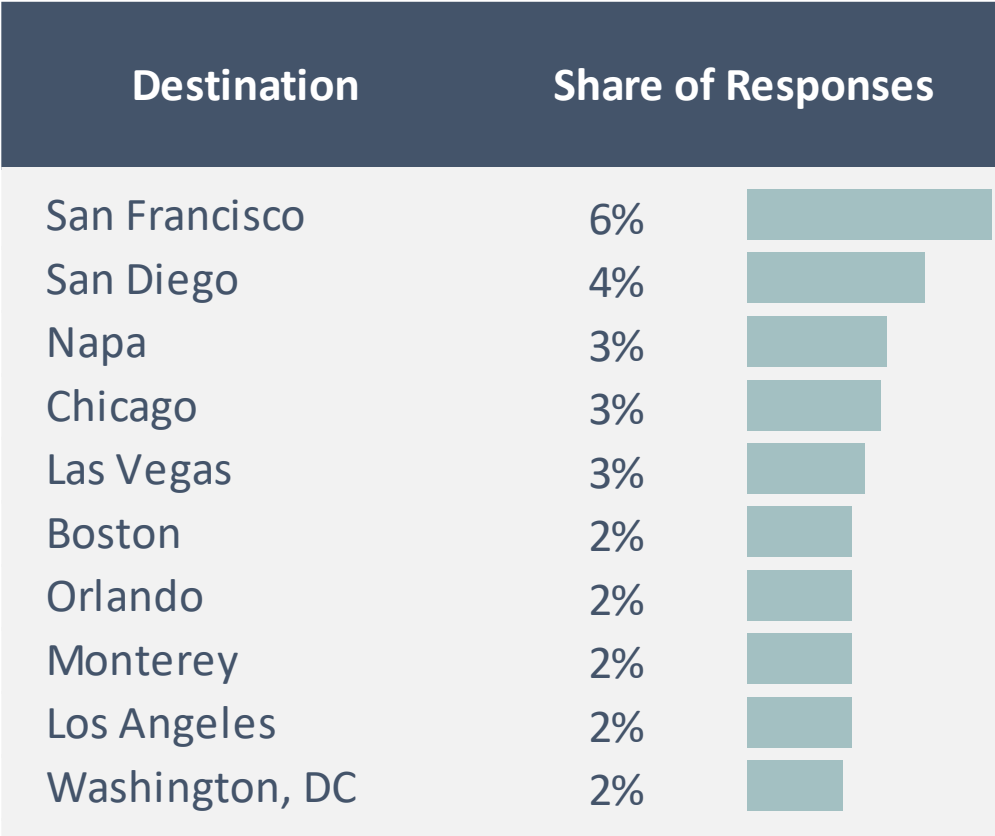
Please score your hotel experience while attending the event and its supporting facilities. (10 is highly satisfied, 1 is highly unsatisfied).



Competitive Cities



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.

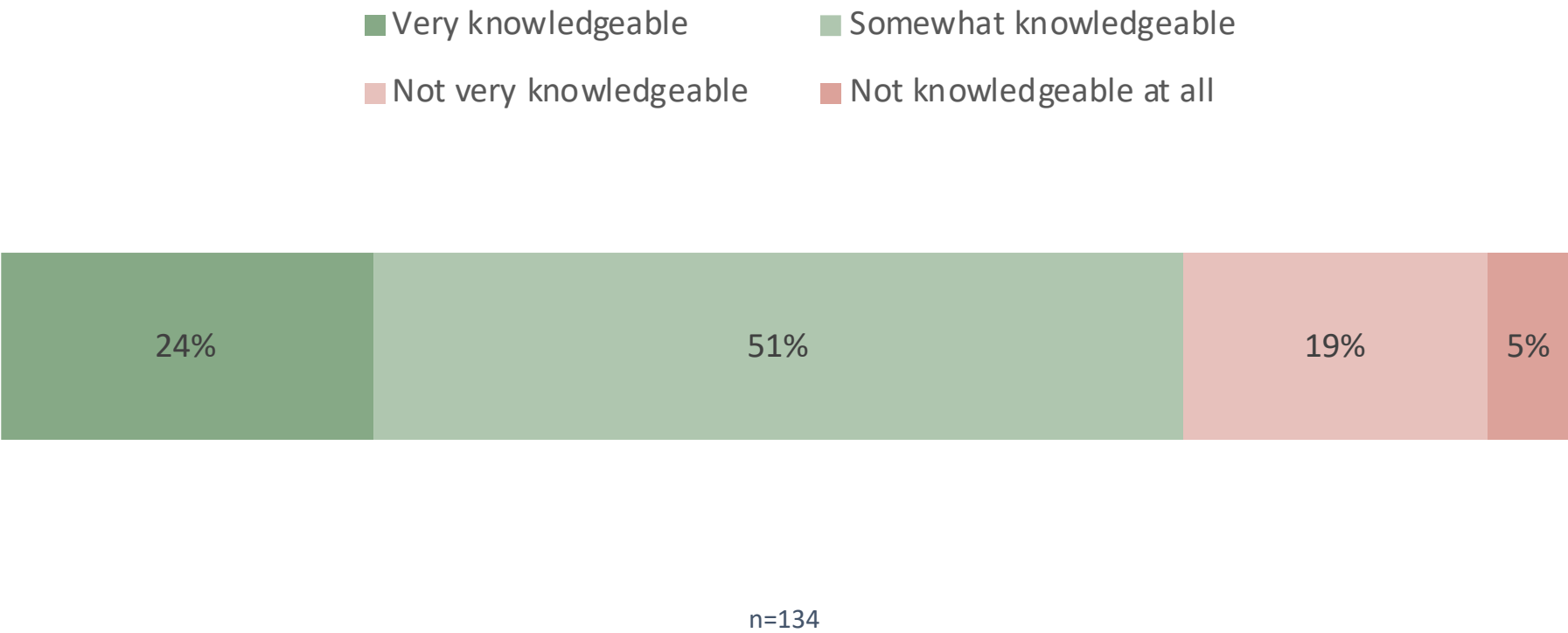


n=576

Respondent Knowledge of Sonoma County



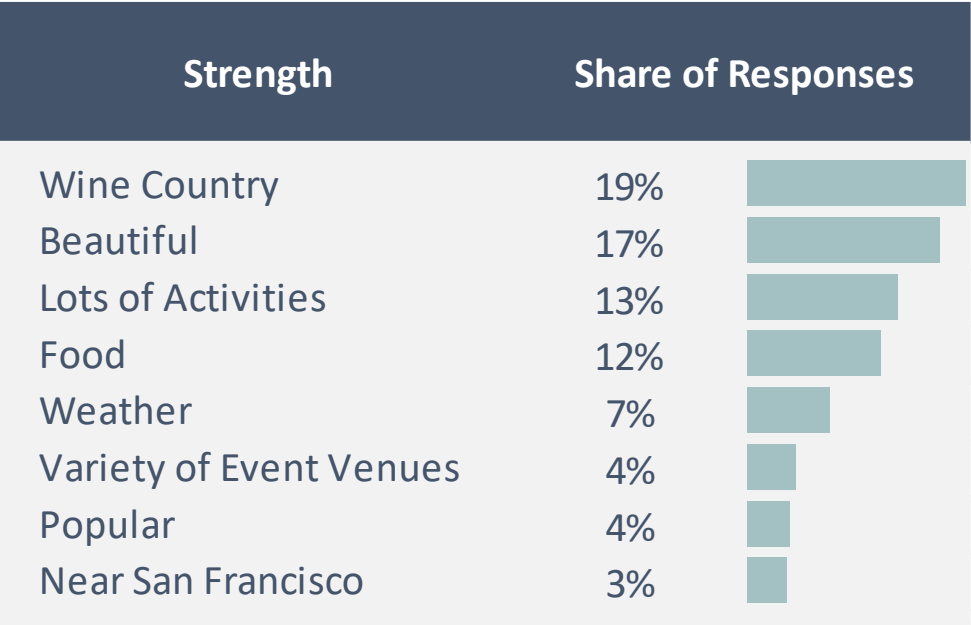
Please rate your level of knowledge regarding Sonoma County as an event destination.



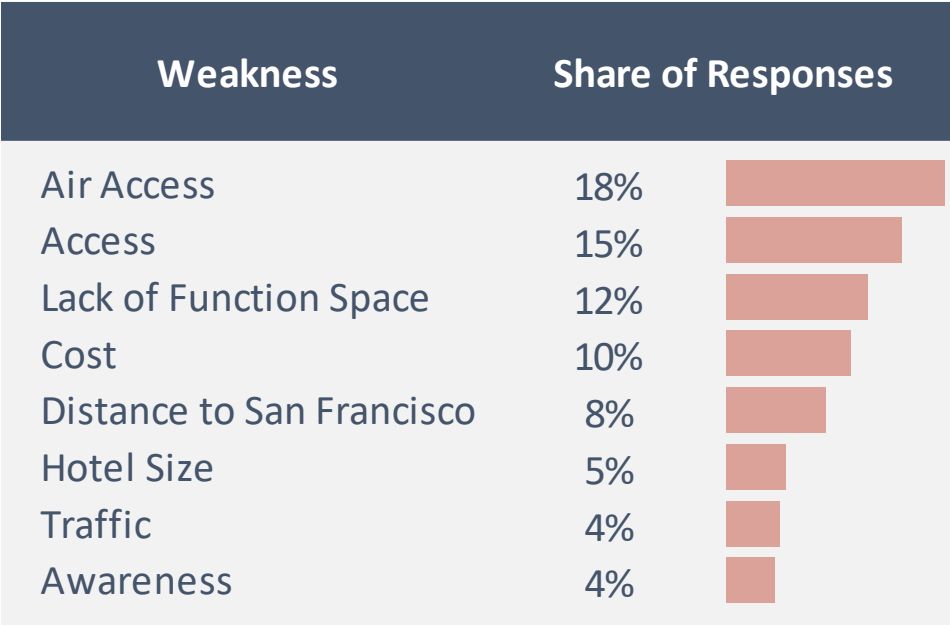
Strengths and Weaknesses



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

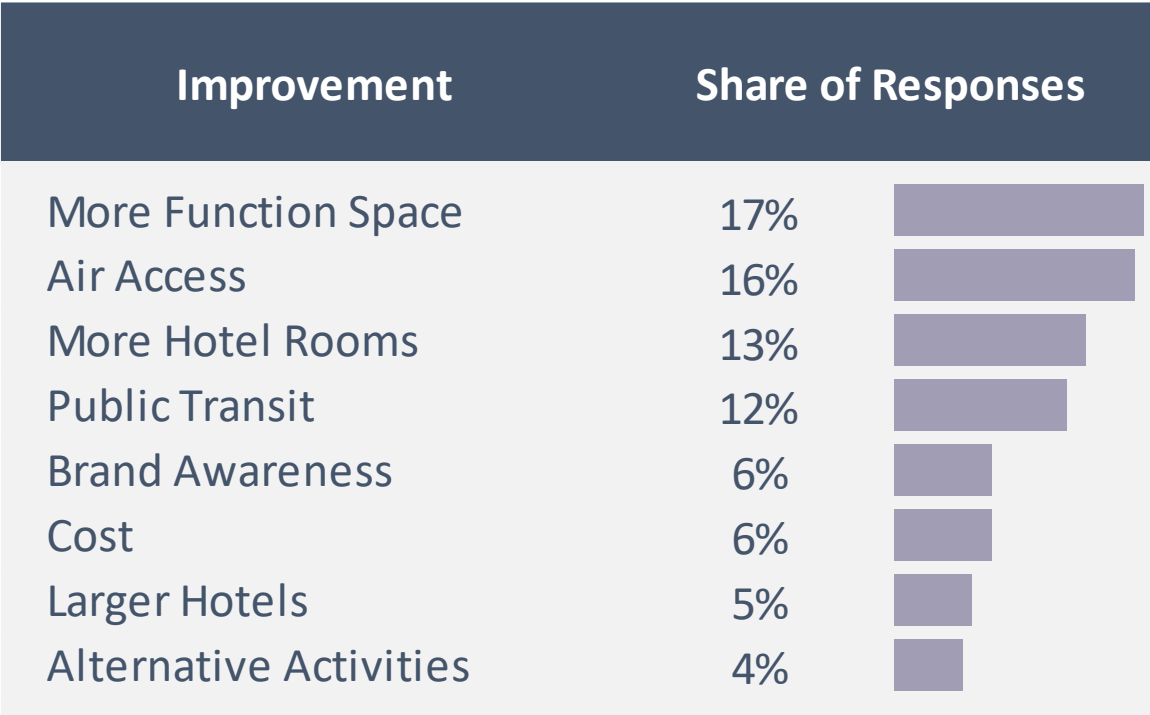


n=209

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.

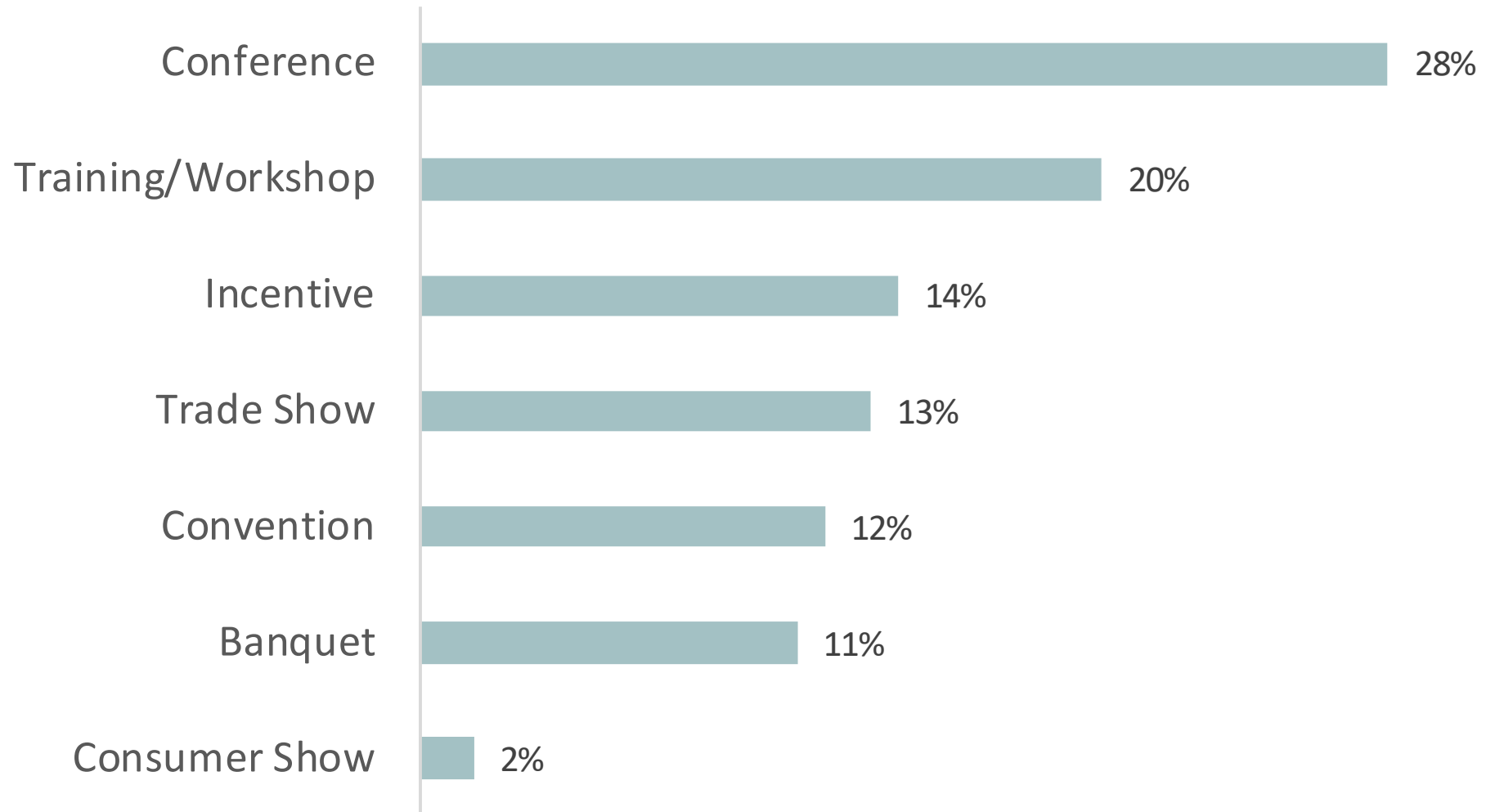


n=156

Types of Events Planned



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



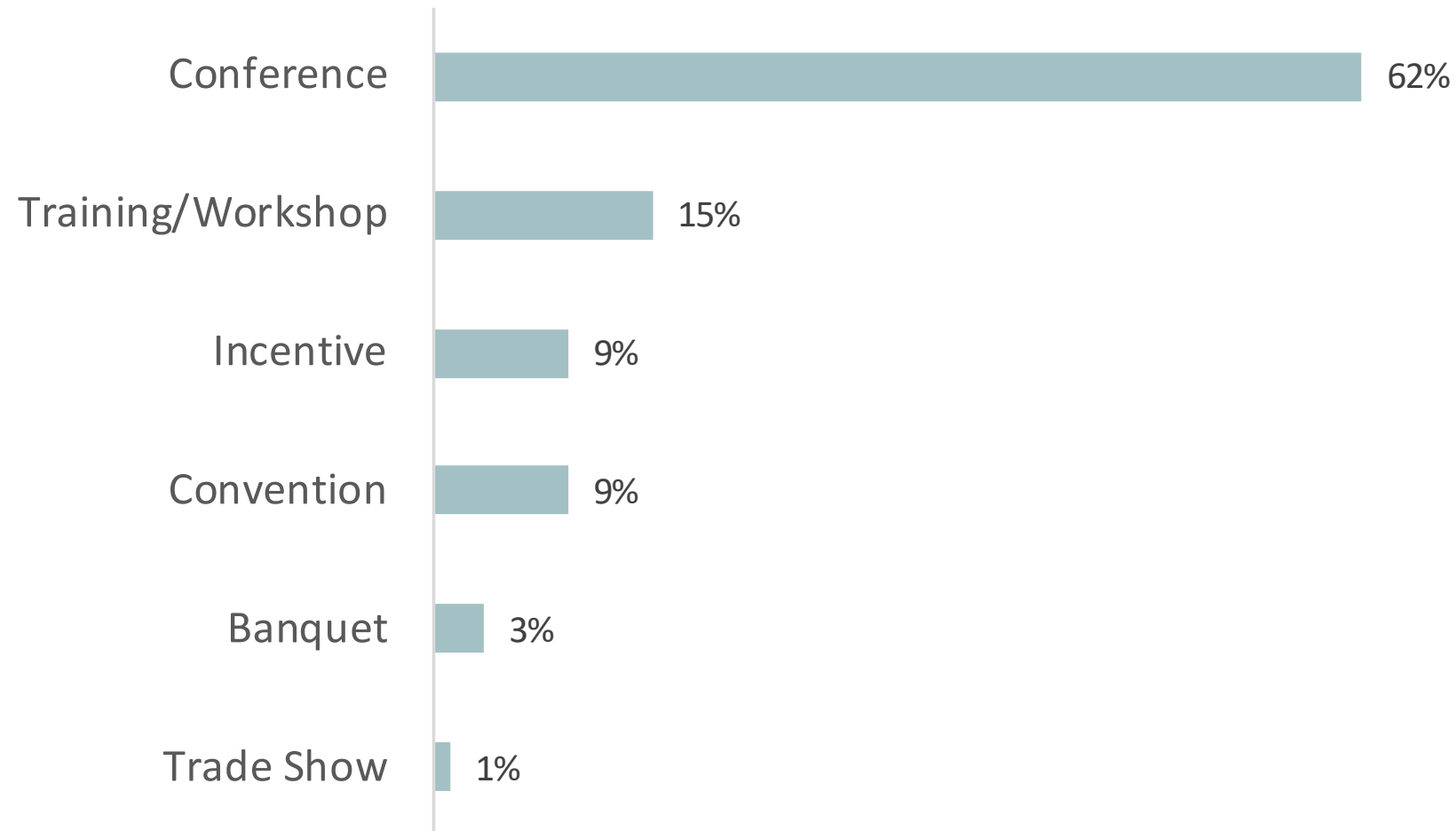
n=156

DRAFT REPORT : For Internal Discussion Only

Typical Event Type



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

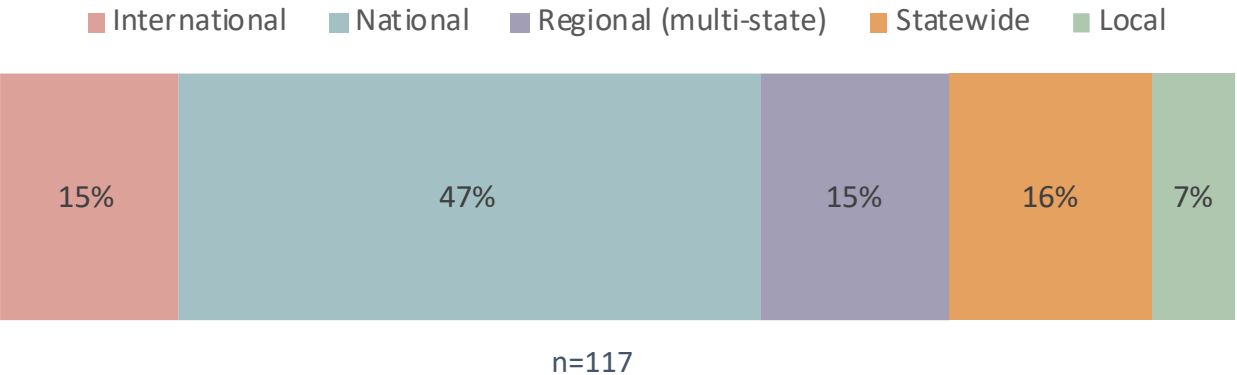


n=89

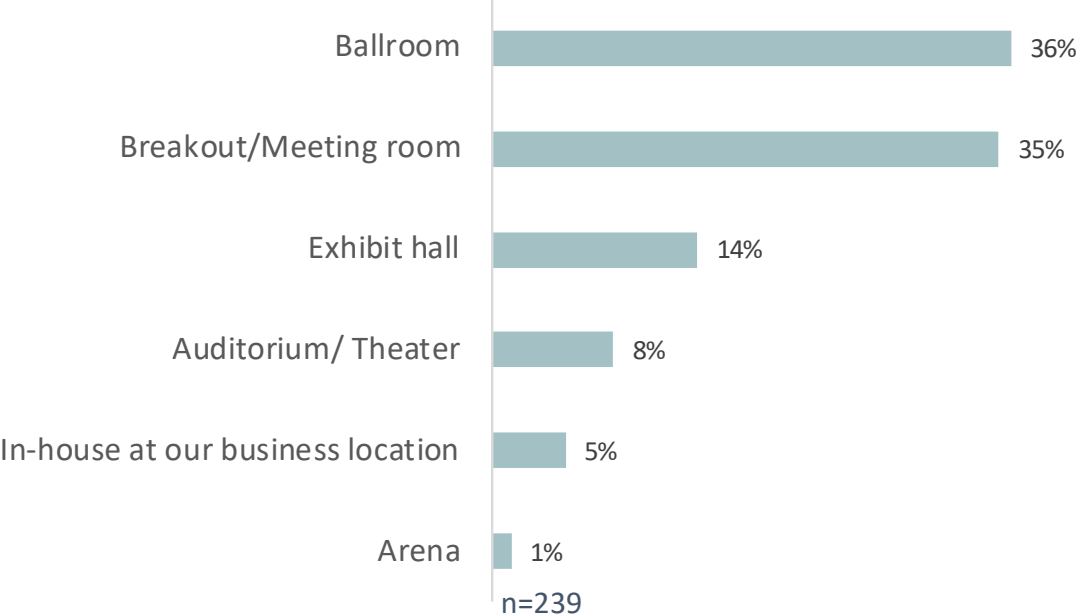
Attendee Origin and Spaces Used in Typical Event



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



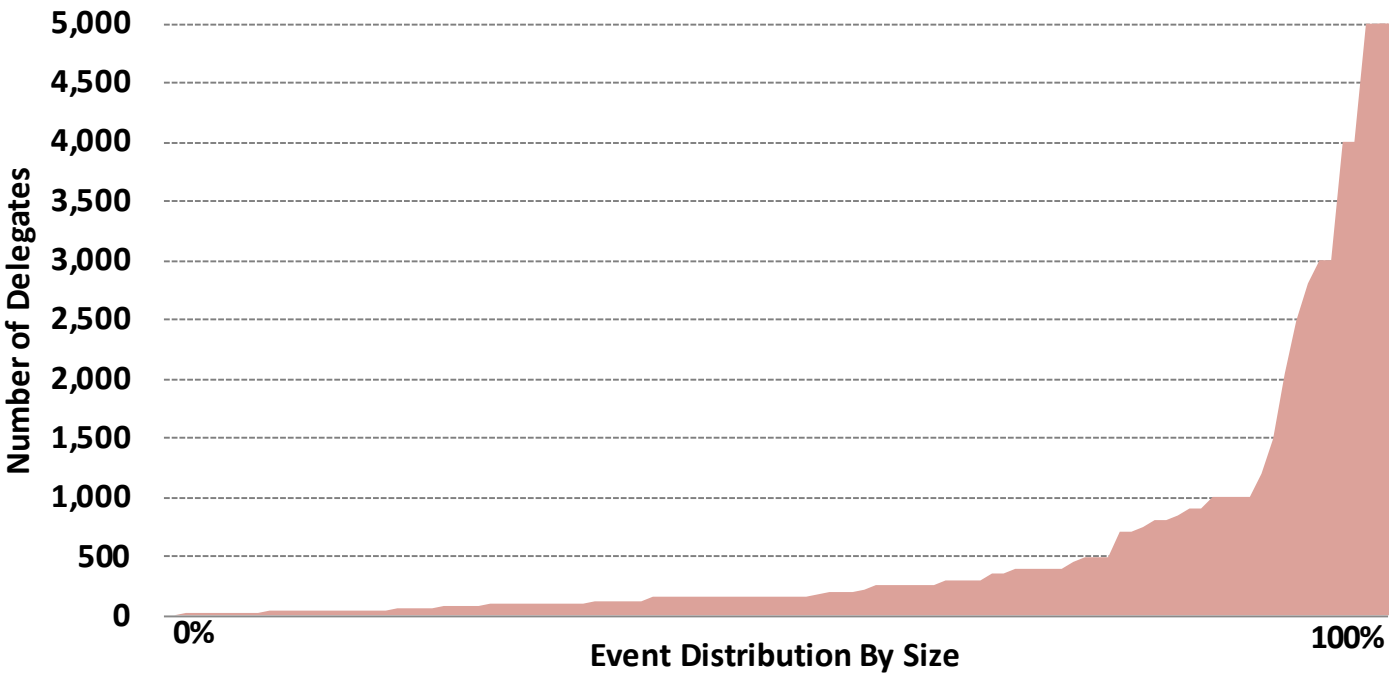
In what type of space(s) is your event typically held?



Attendees at Typical Event



Number of delegates, attendees, or participants:



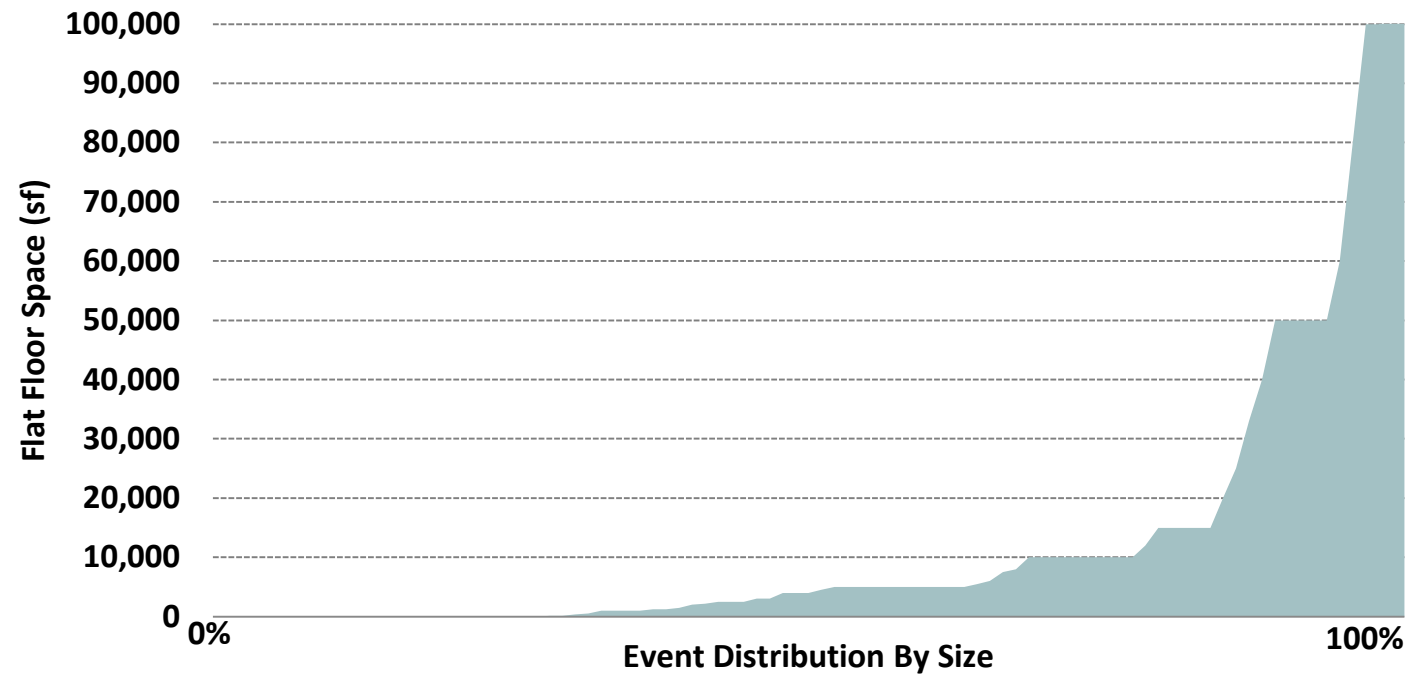
| | |
|---------|-----|
| Average | 639 |
| Median | 150 |

n=106

Exhibit Space at Typical Event



Exhibit/Flat Floor space required (square feet):



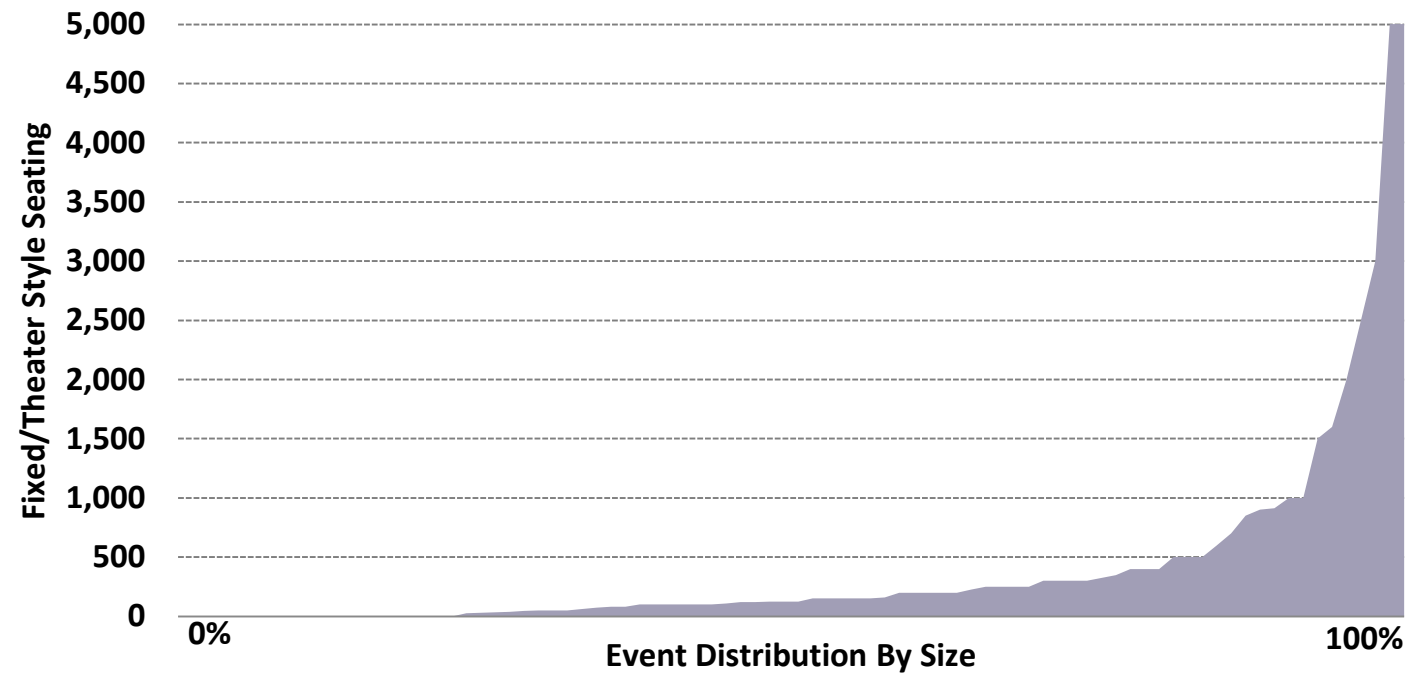
| | |
|---------|--------|
| Average | 16,777 |
| Median | 4,000 |

n=93

Theater Seating at Typical Event



Fixed/Theater style seating capacity:



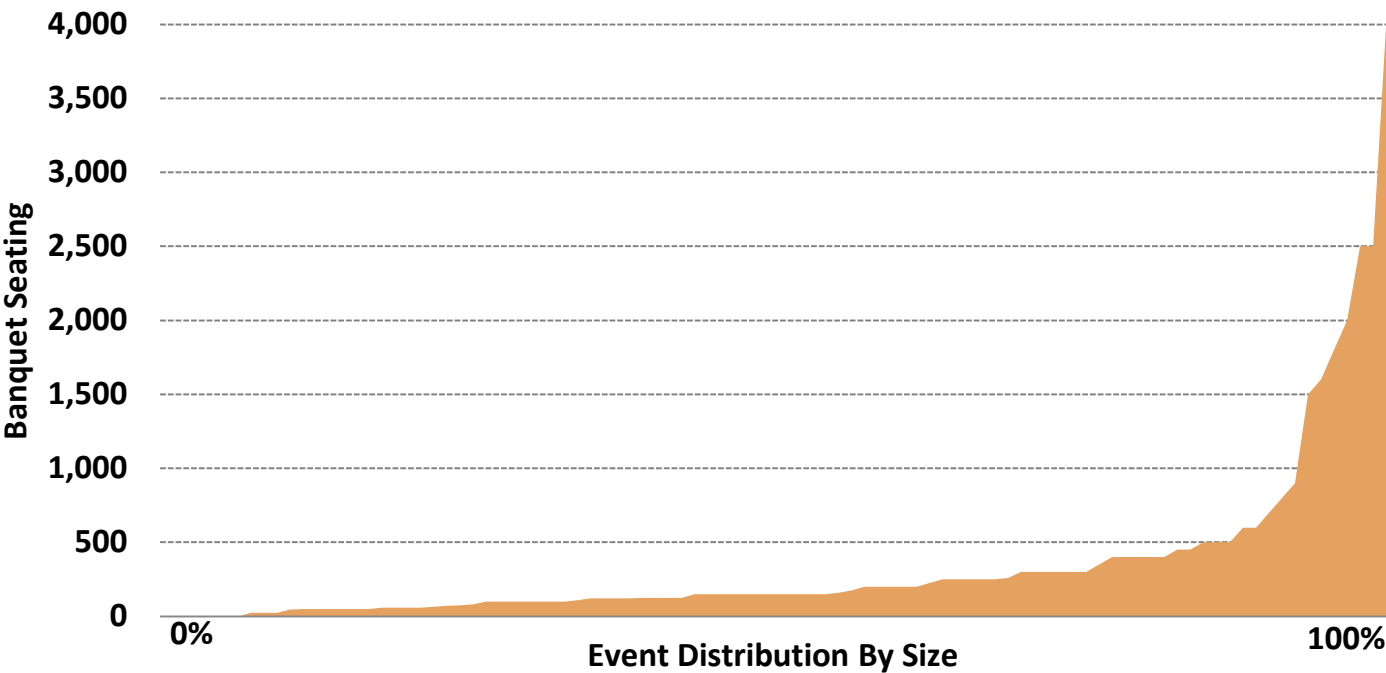
| | |
|---------|-----|
| Average | 353 |
| Median | 150 |

n=86

Banquet Seating at Typical Event



Banquet seating capacity:



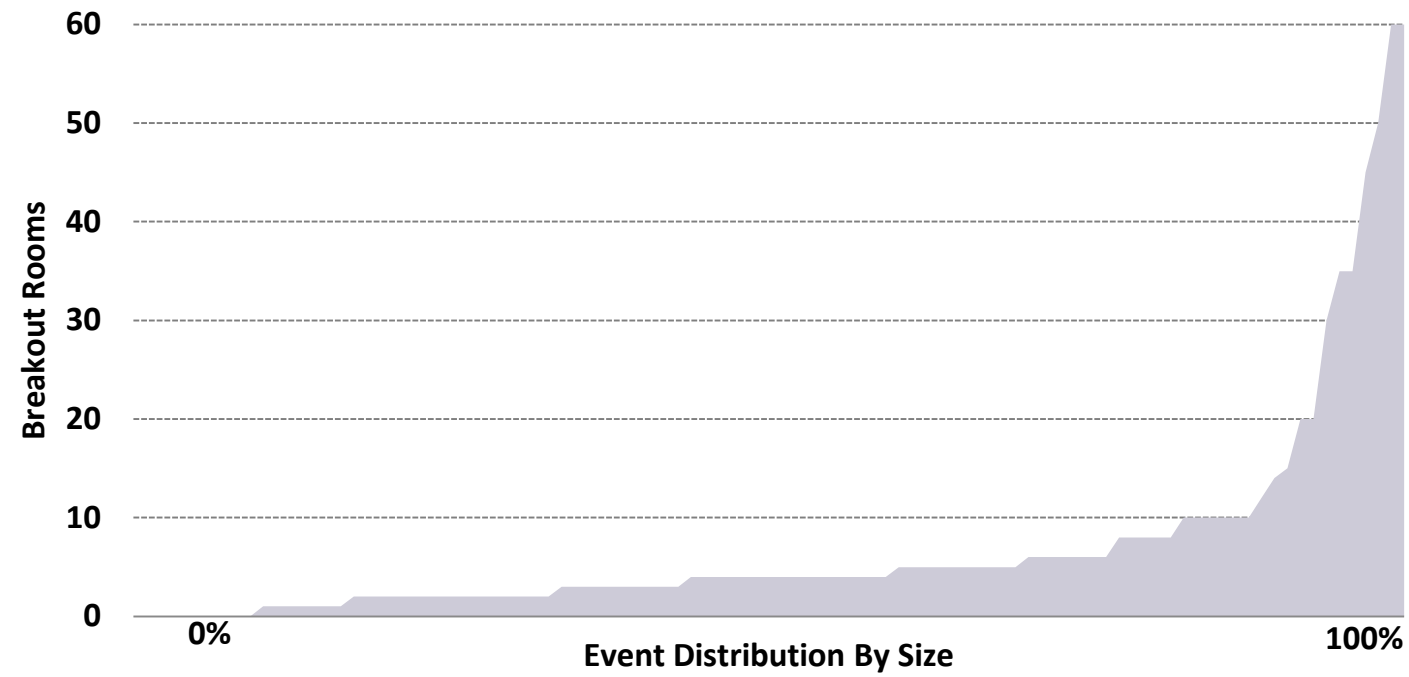
| | |
|---------|-----|
| Average | 654 |
| Median | 125 |

n=95

Breakout Rooms at Typical Event



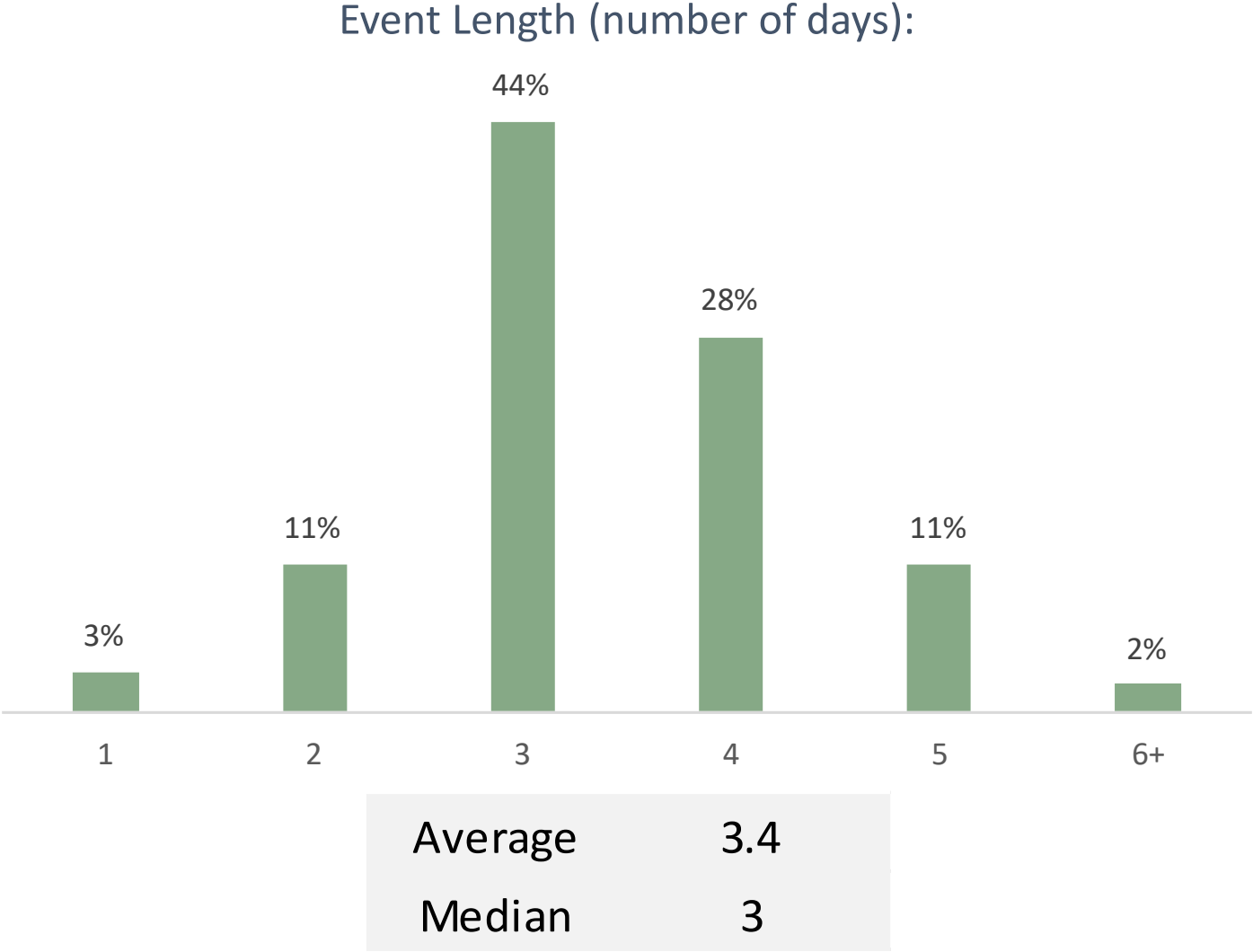
Number of breakout meeting rooms:



| | |
|---------|-----|
| Average | 7.3 |
| Median | 4 |

n=99

Typical Event Length

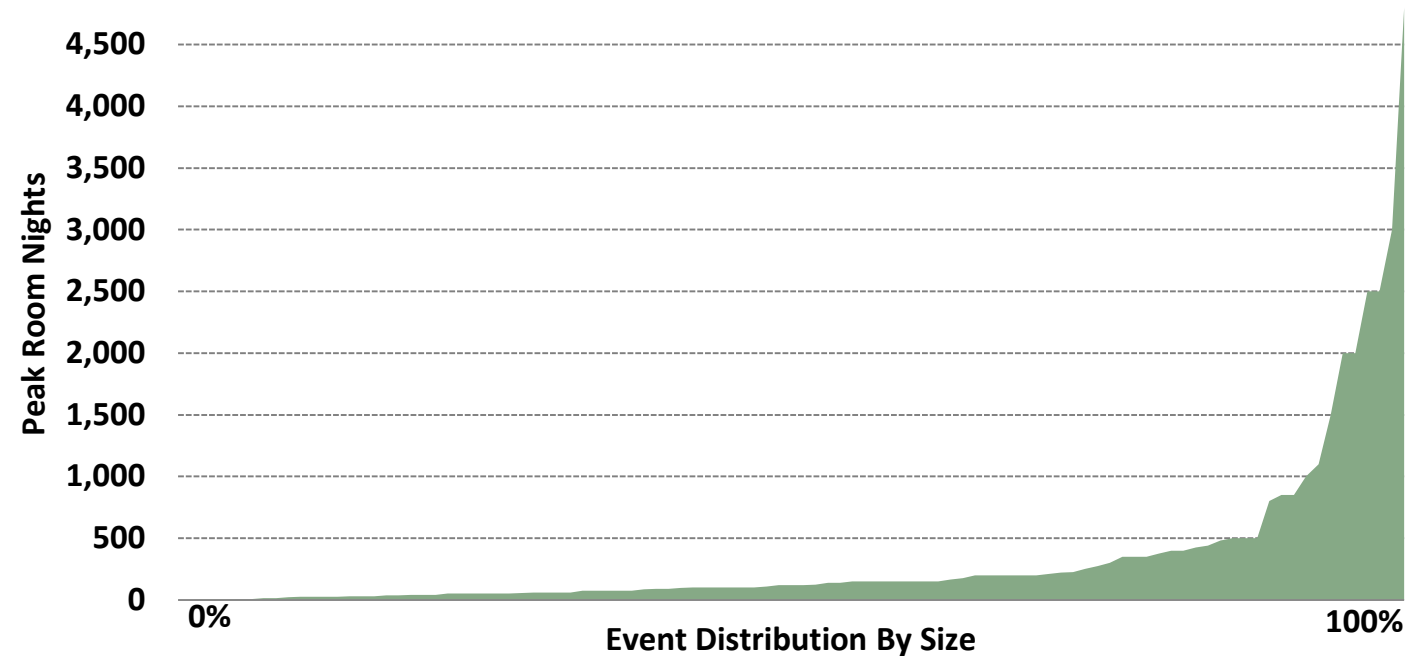


n=99

Peak Hotel Rooms at Typical Event



Number of Peak Hotel Rooms:



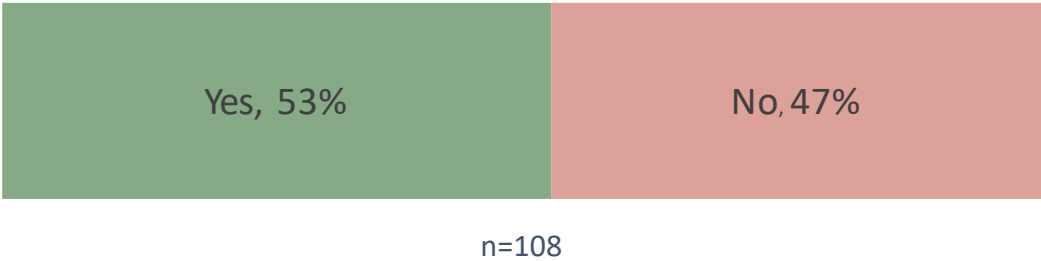
| | |
|---------|-----|
| Average | 371 |
| Median | 100 |

n=101

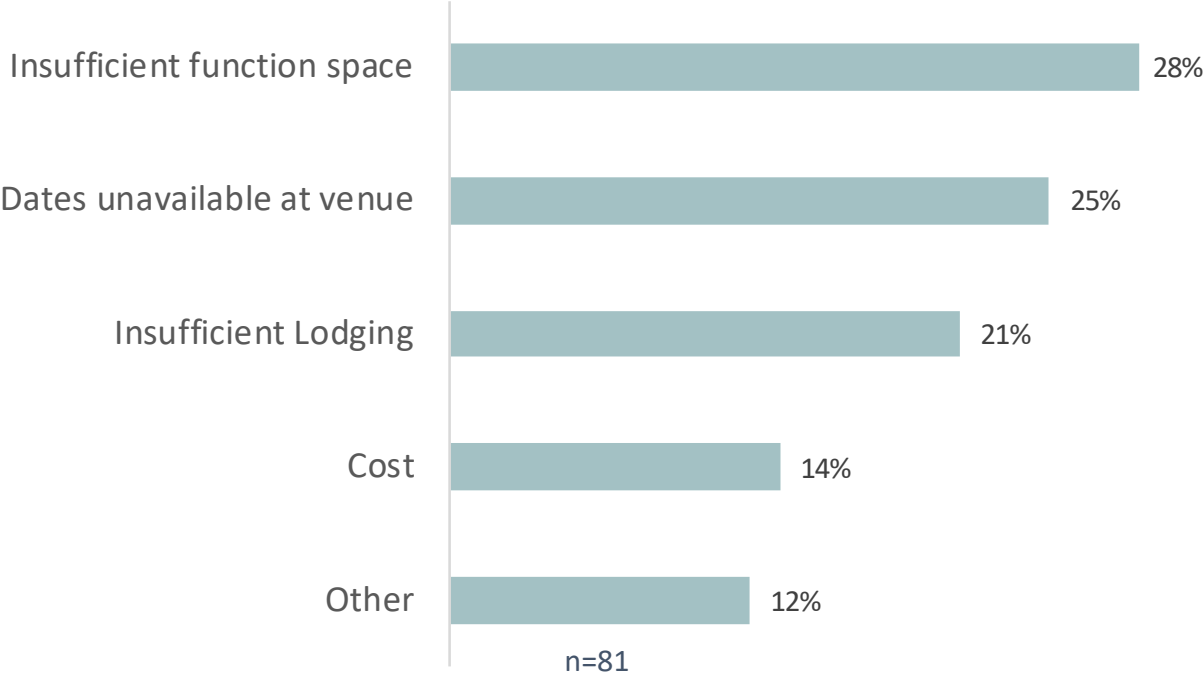
Hosting Events in Sonoma County



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



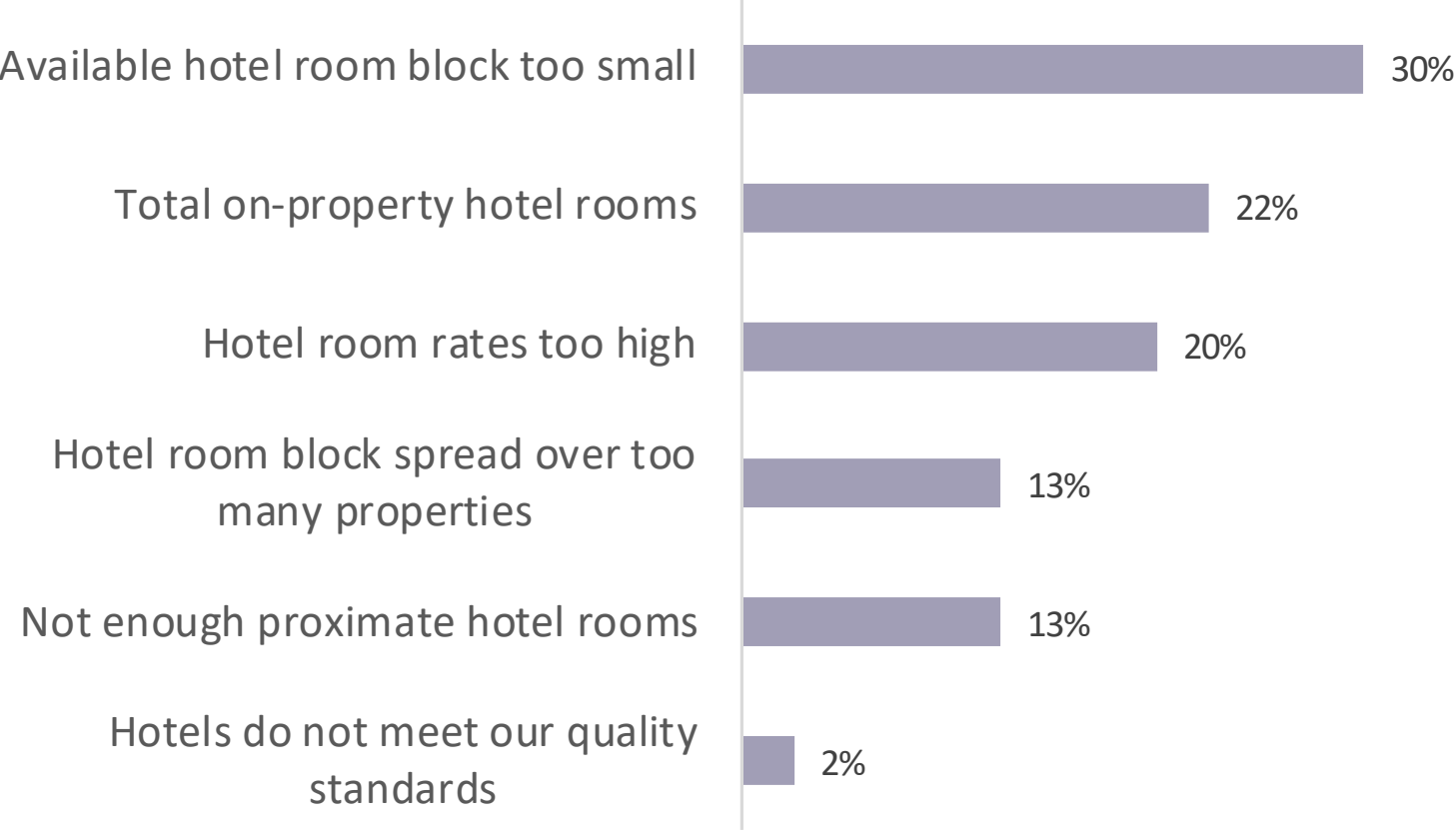
If no, why were you unable to host an event in Sonoma County?



Issues with Hotel Rooms



Please indicate the specific reasons why hotel rooms were insufficient.

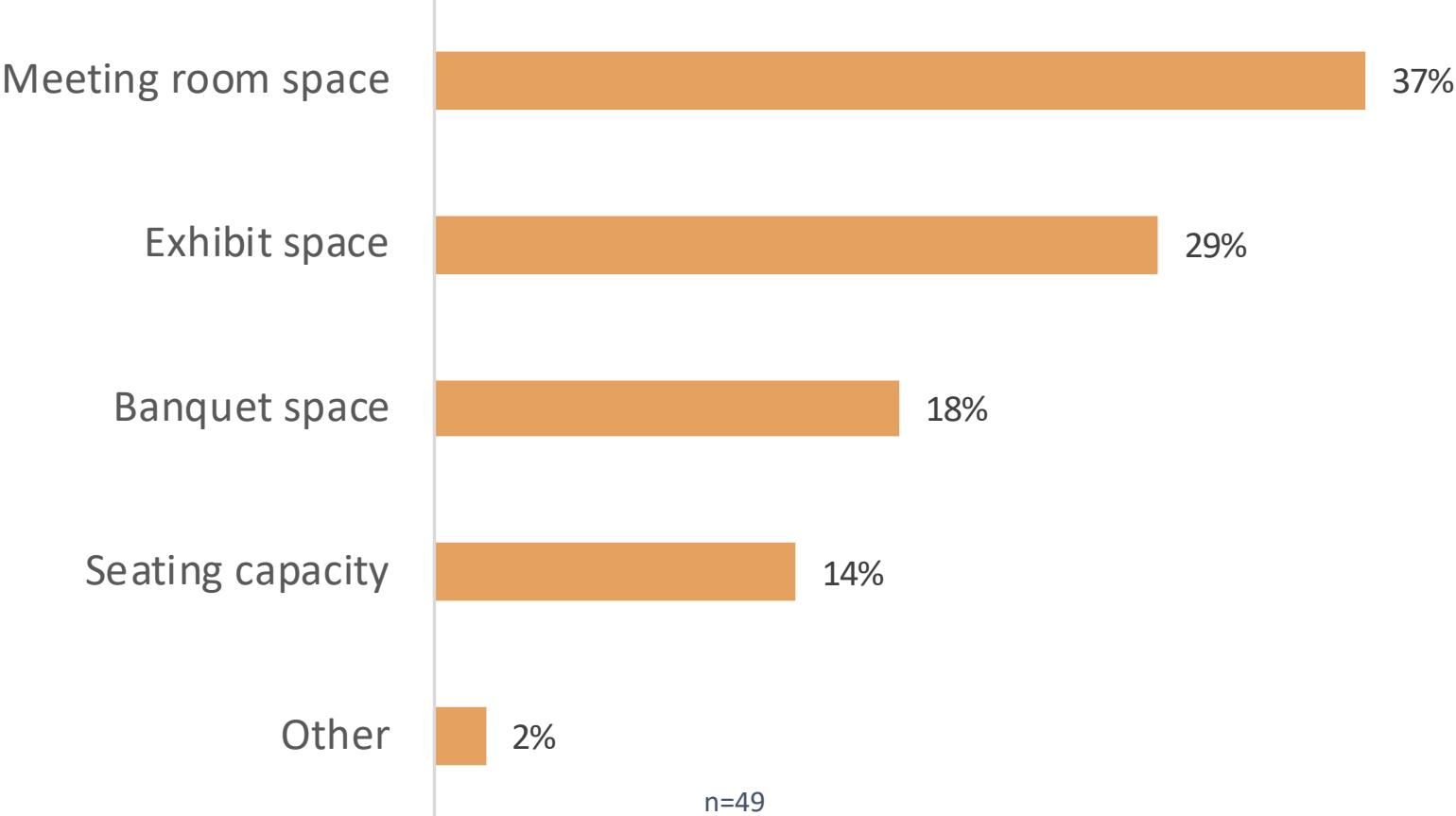


n=40

Issues with Function Space



Please indicate which type of function space was lacking

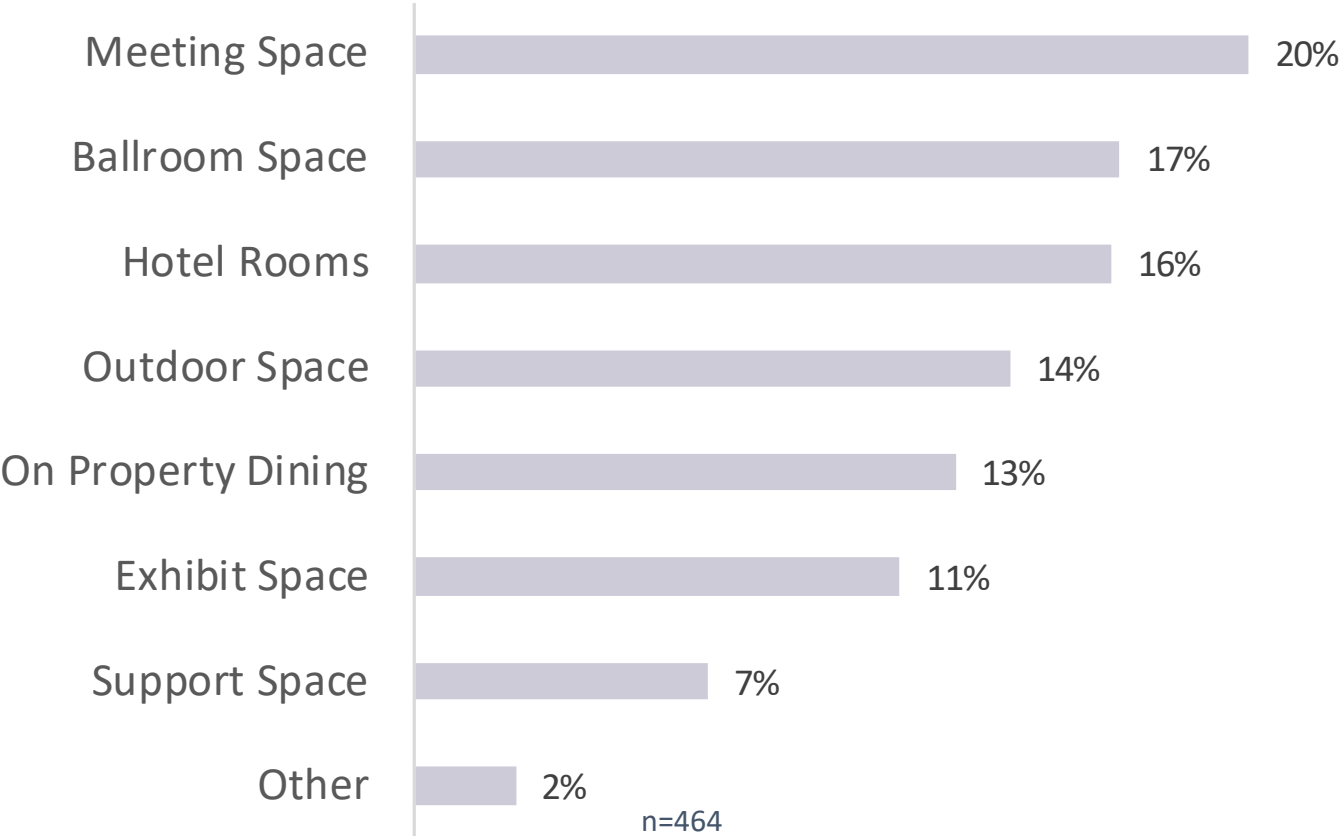


Sonoma County Convention Center Function Spaces



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.

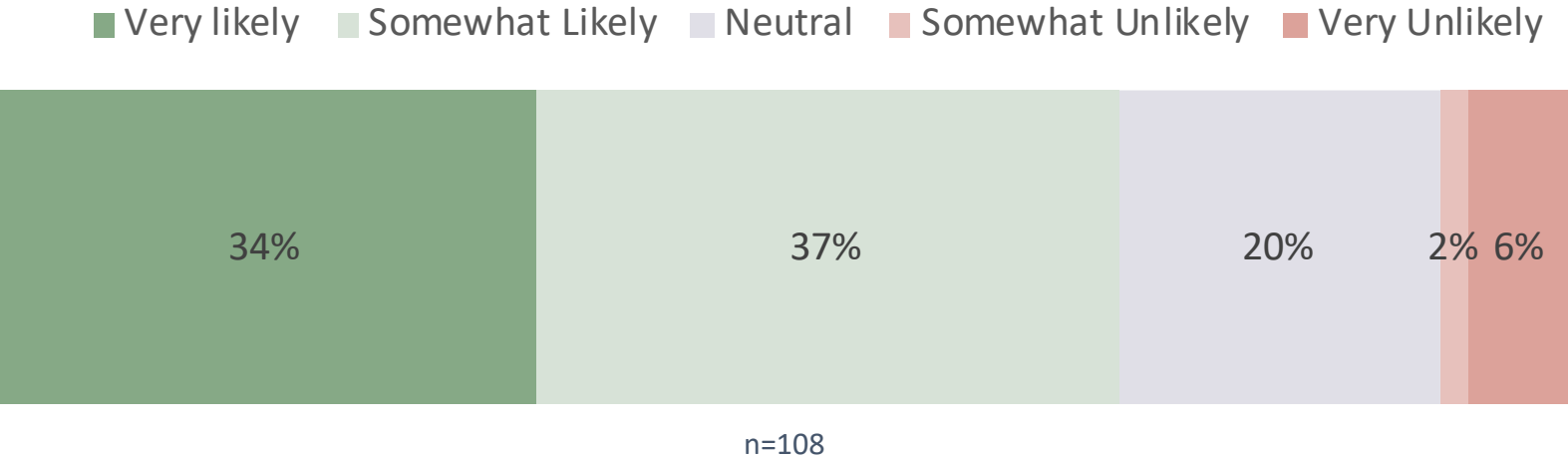
For you, what types of spaces would be most important to develop in a potential Sonoma County Convention Center?



Likelihood of Hosting Event in Convention Center



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

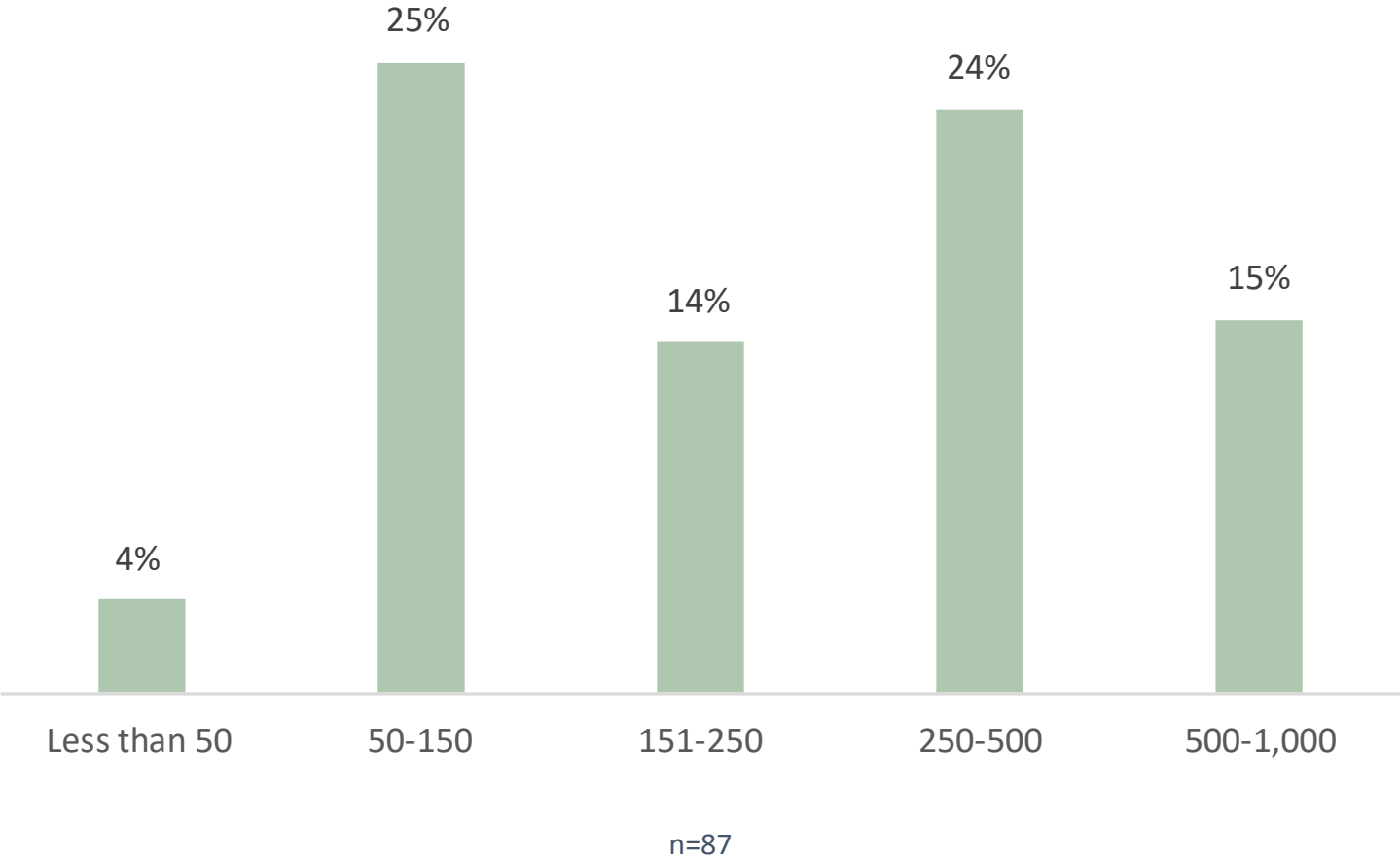


Net Promoter Score: (Very Likely + Somewhat Likely) – (Somewhat Unlikely + Very Unlikely) = 63

Size of Event in Convention Center



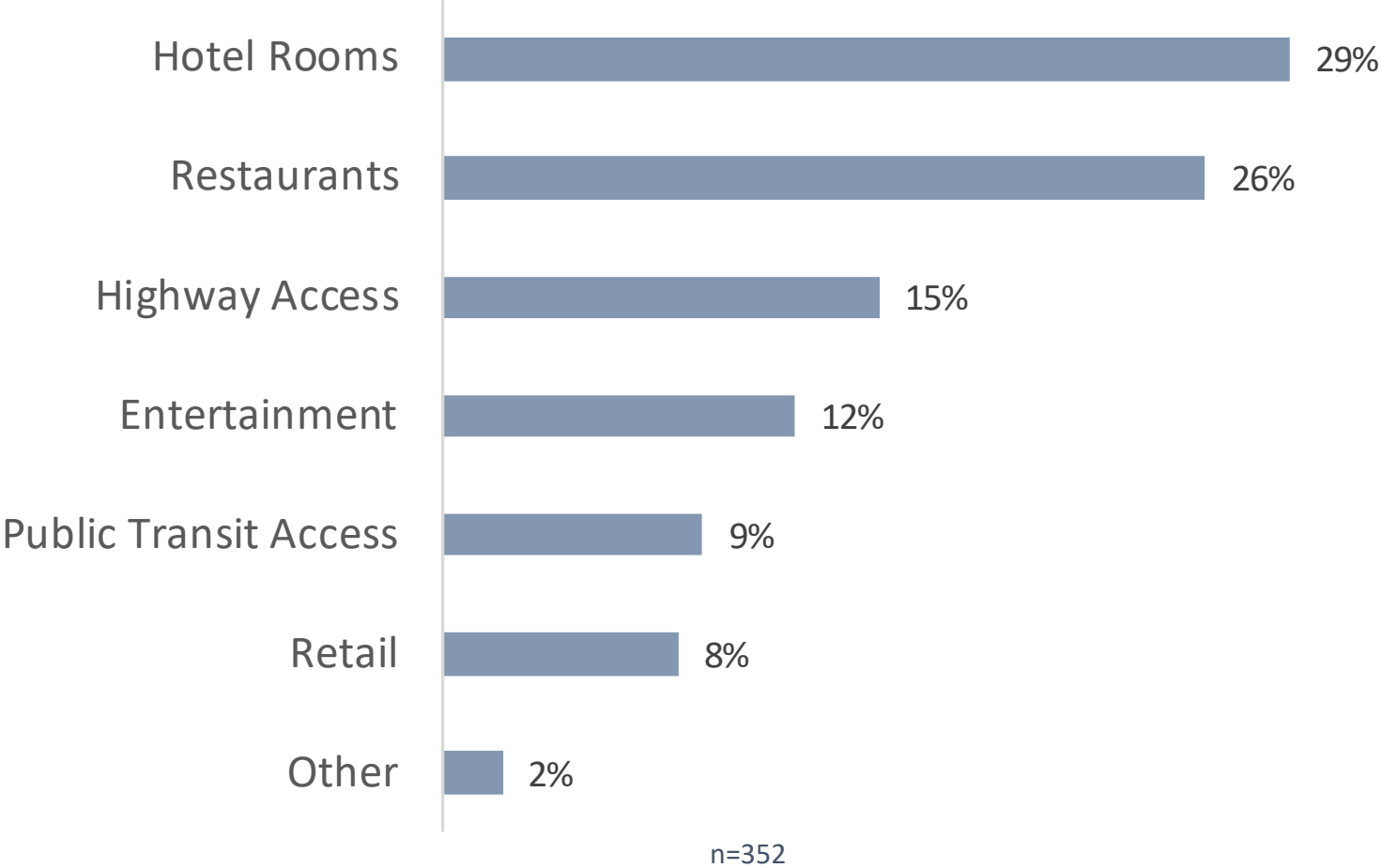
How many people typically attend an event that you could bring to the Sonoma County Convention Center



Convention Center Amenities



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 | 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 – 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

| | <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 | — | 1.3 % | (1.2) % | 2.4 % | 6.2 % | 8.1 % | 10.2 % | 5.1 % | 3.9 % | 2.5 % | 1.1 % |
| 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 | 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 |
| 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 % | 10 % | 10 % | 10 % | 10 % |
| Market-wide Occupied Room Nights | 629,432 | 661,498 | 687,452 | 704,599 | 712,267 |
| Market Share | 10 % | 10 % | 10 % | 10 % | 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 Rate | Discount | ADR After Discount | Average Rate % Change | Areawide Average Rate | Average Rate % Change | Average 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 |