

An architectural rendering of a modern, multi-story building with a complex, angular roofline. The building features large glass windows and balconies, some of which are illuminated from within. The ground floor has large glass panels that reflect the surrounding environment. The building is surrounded by lush greenery, including tall trees and smaller shrubs. In the foreground, there is a paved area with several people walking and a few cars parked. The sky is a deep blue, suggesting dusk or dawn. The overall atmosphere is modern and sophisticated.

Sonoma County Convention Center & Hotel Project

Preliminary Studies/Vision



Overview

- Project Impetus
- Local/Project Partners
- Test Fit/Architectural Vision
- Convention Center Demand Projections
 - Estimated Budget
- Hotel Demand Projections
- Next Steps



Project Impetus



Economic Impact of Tourism

Tourism is a key economic driver in Sonoma County (2023)

Destination spending by travelers in Sonoma County =

\$2.113 billion

Sonoma County's tourism/hospitality industry employs =

21,970

Government revenue generated from tourism in Sonoma County =

\$217 million

TOURISM HELPS FUND

REGIONAL PARKS

AFFORDABLE HOUSING

THE ARTS

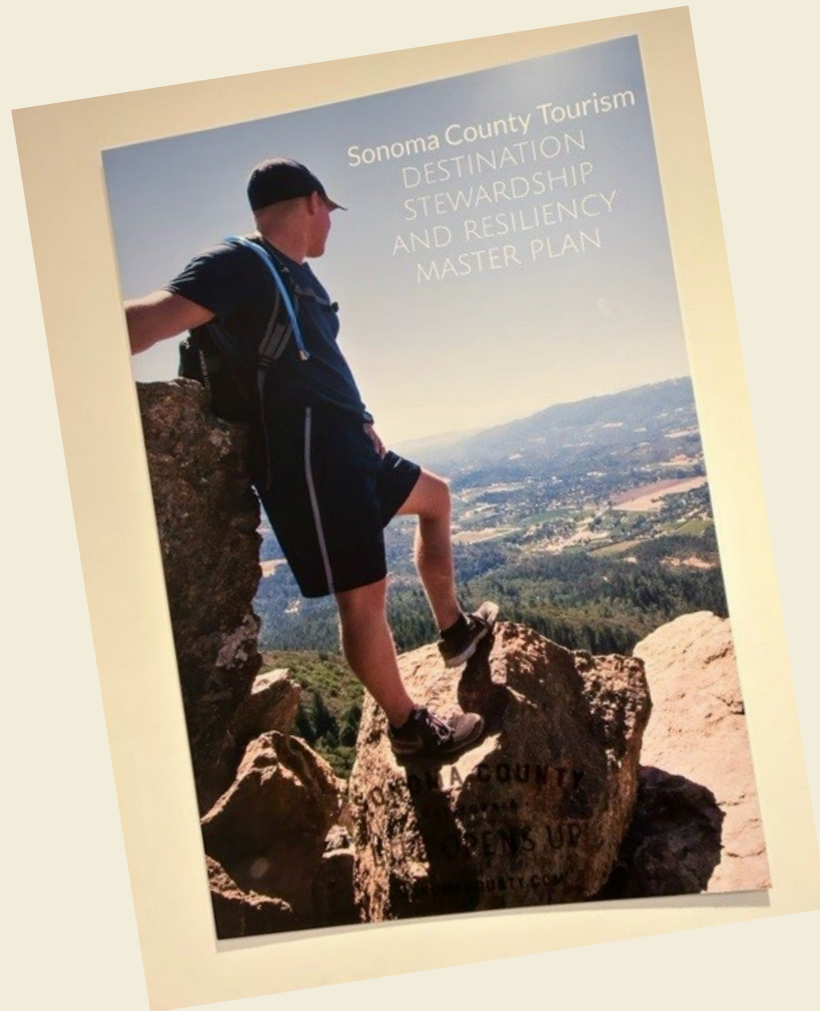
WORKFORCE DEVELOPMENT

PUBLIC SAFETY

ECONOMIC DEVELOPMENT

EDUCATION

Sonoma County Master Plan (2023)



Developed 2018, 2022-23

Engaged local stakeholders, residents

Focus groups

Surveys

Town Hall meeting

Five Key Imperatives

1. Build a Naturally Resilient Destination
(Environment, recreation, crisis, organizational resilience)
2. Strengthen the Health of the Region's Economy
(Economic development, workforce, creative economy, lodging/vacation rentals)
3. Elevate the Resident Quality of Life (transportation, housing, DEIA)
4. Enhance the Breadth of Products and Experiences
(built environment, visitor experiences)
5. Acknowledge and Advance Sonoma County's Culture and Heritage (culture, arts, authentic storytelling)

Strengthen the Health of the Region's Economy

SPHERE OF INFLUENCE: Sonoma County Tourism as a DRIVER and PARTNER

INDUSTRY SECTORS/PARTNERS: Government (Economic Development Board, Creative Sonoma, permitting agencies, city councils, city managers), Chambers of Commerce, Visitor Centers, Sonoma County Tourism (board and committees)

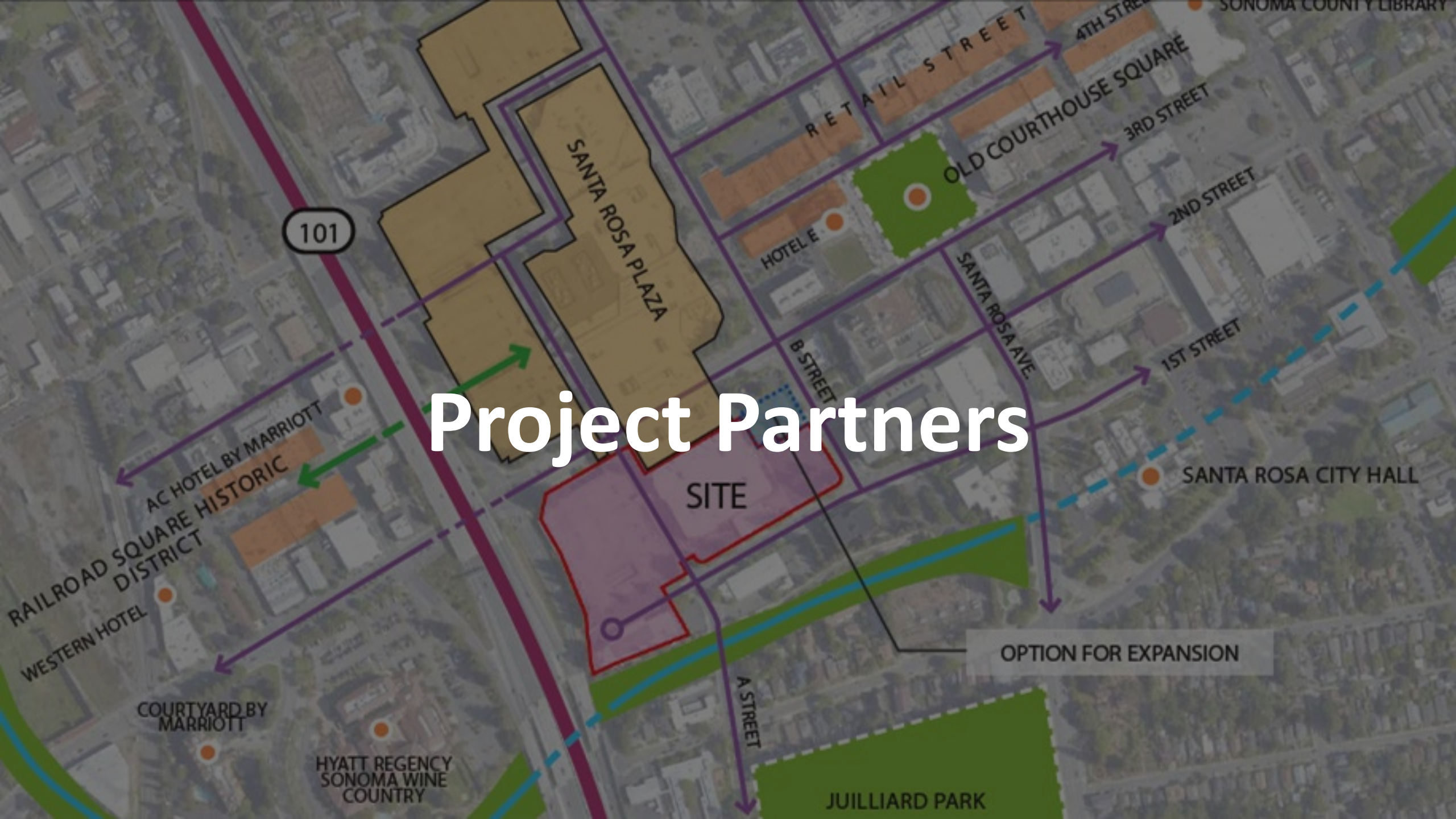
BIG AUDACIOUS GOAL: Build a fully sustainable facility that can house meetings, special events or other gatherings.

OVERVIEW: Sonoma County's economy is largely dependent on tourism. Through the initiatives outlined in this plan, the tourism-facing economy will continue to grow in strategic and innovative ways. Through robust partnership these initiatives will go above and beyond the day-to-day activities of Sonoma County Tourism.

STRATEGIES:

- Elevate current partnerships with organizations and agencies with a mission to drive the economy.
- Forge new partnerships with sectors such as technology, banking and other business sectors that can help convey an overarching effort for destination sustainability.

Project Partners





HVS

Superior Results
Through Unrivaled
Hospitality Intelligence.
Everywhere.



109

PARKING PARCEL

123,009 sf

CONVENTION PARCEL

79,170 sf

ADDITIONAL LAND
PARCEL
20,000 sf

HOTEL PARCEL

59,851.4 sf

TIRE CENTER PARCEL

53,344 sf

Local Partners

POTENTIAL FUTURE DEVELOPMENT

TOTAL LAND AREA:

Local Partnerships (coalition)



- Influential local leaders, developers, and a Convention Center Advisory Council -

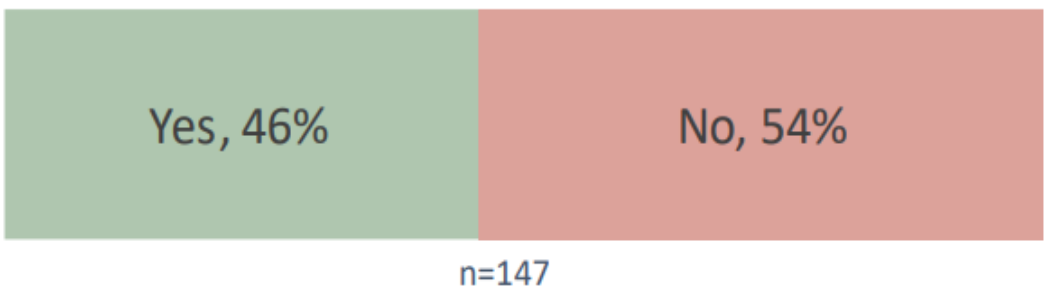


A close-up, slightly blurred photograph of a spiral-bound notebook. The notebook is open to a page with a survey form. The form has horizontal lines and numbers (15, 16, 17, 18, 19, 20) on the left side, and some numbers (30, 11, 30) on the right side. A silver spiral binding is visible on the left. A hand is holding a silver pen over the survey form. The text 'Meeting Planner Survey' is overlaid in the center.

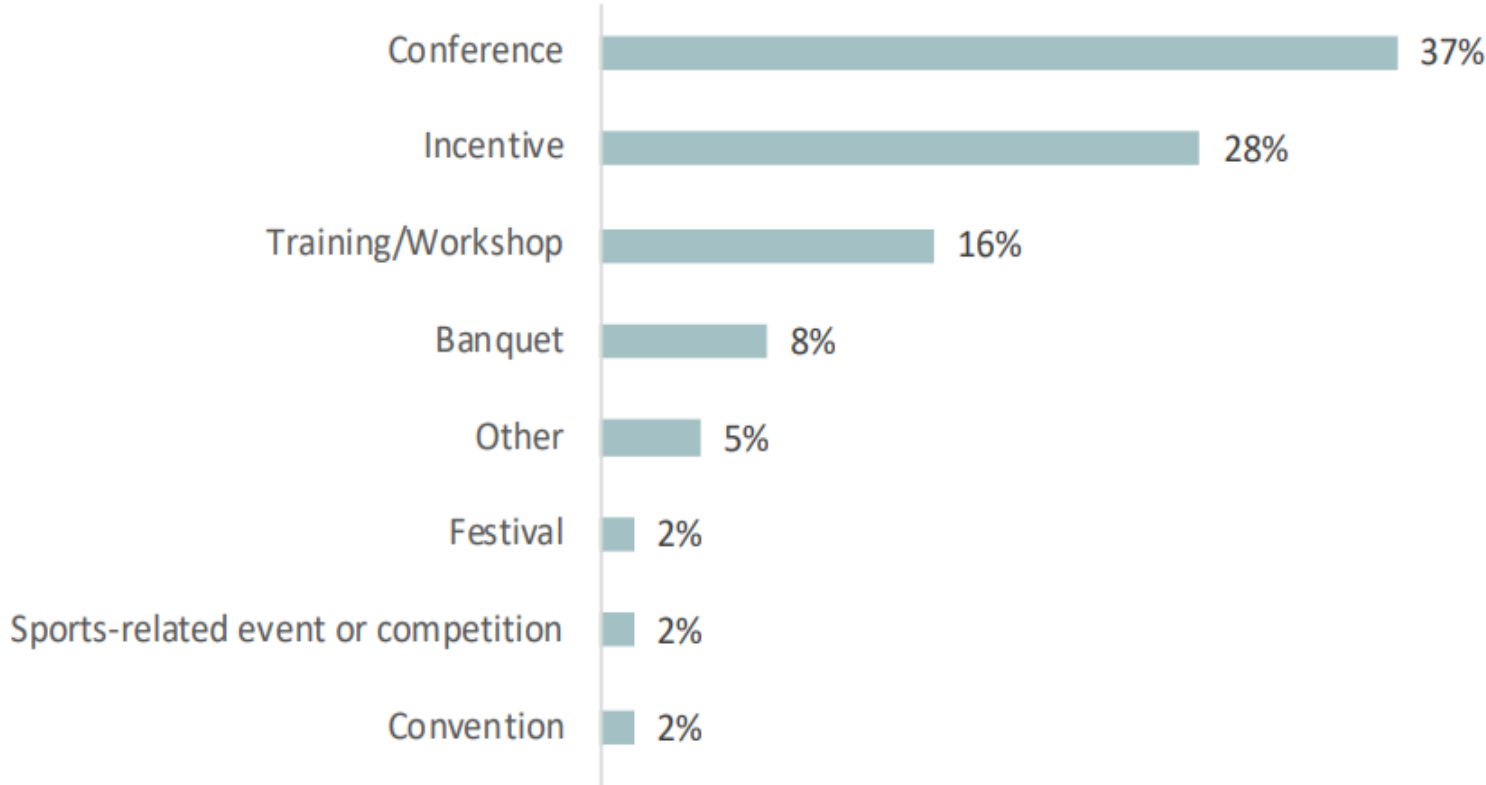
Meeting Planner Survey

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?



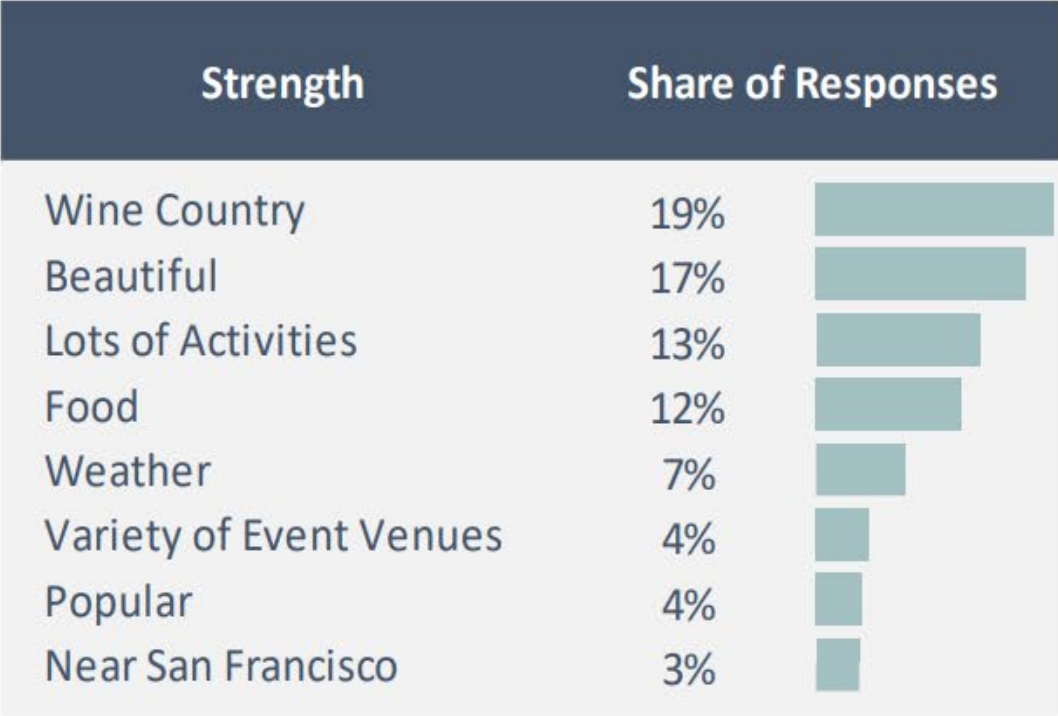
If yes, what best describes the event you held in Sonoma County?



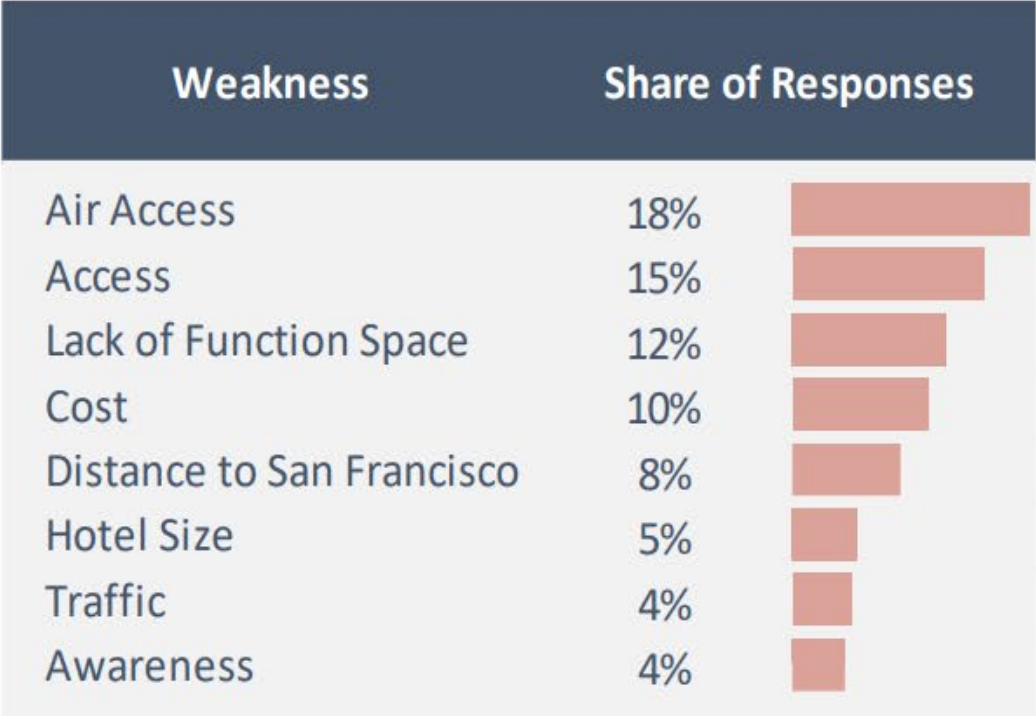
Strengths and Weaknesses



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



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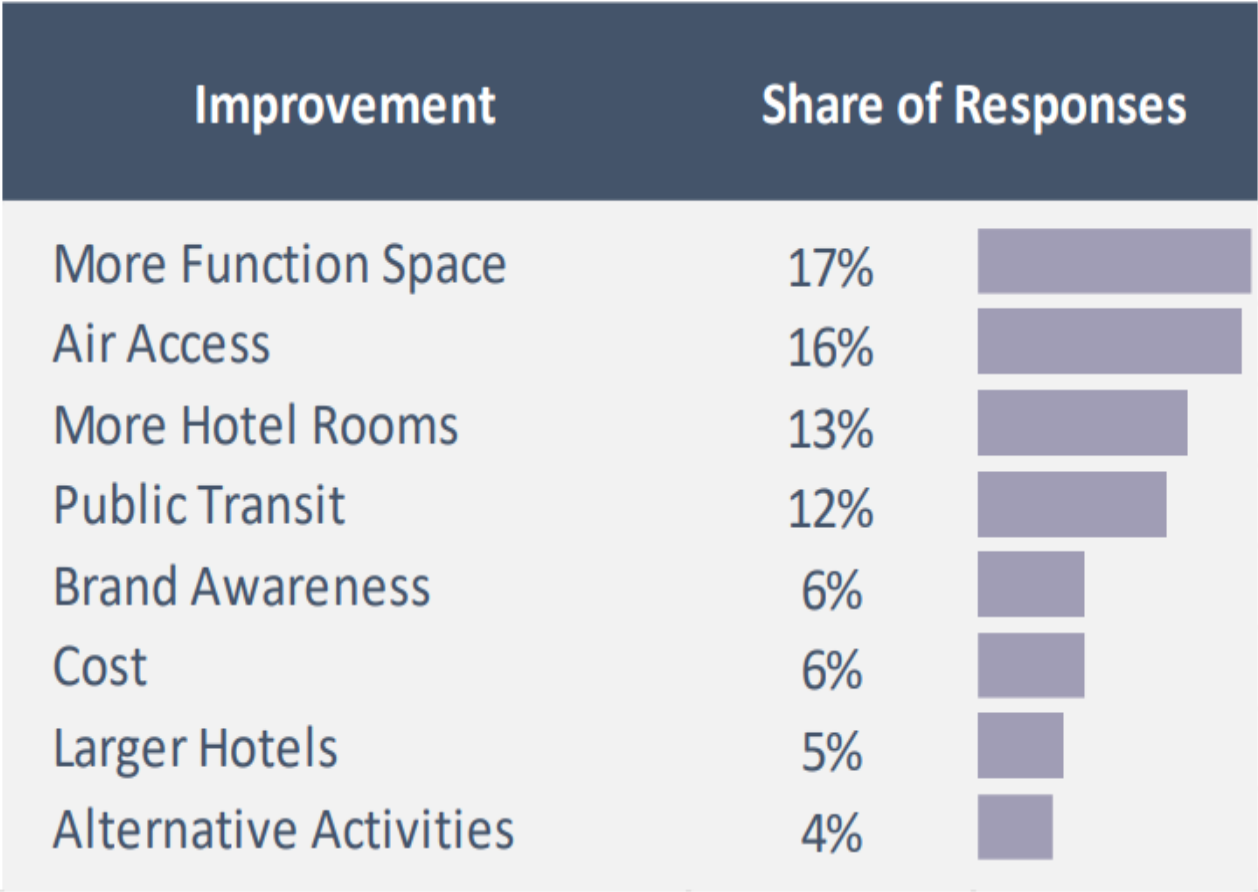


n=209

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

Hosting Events in Sonoma County

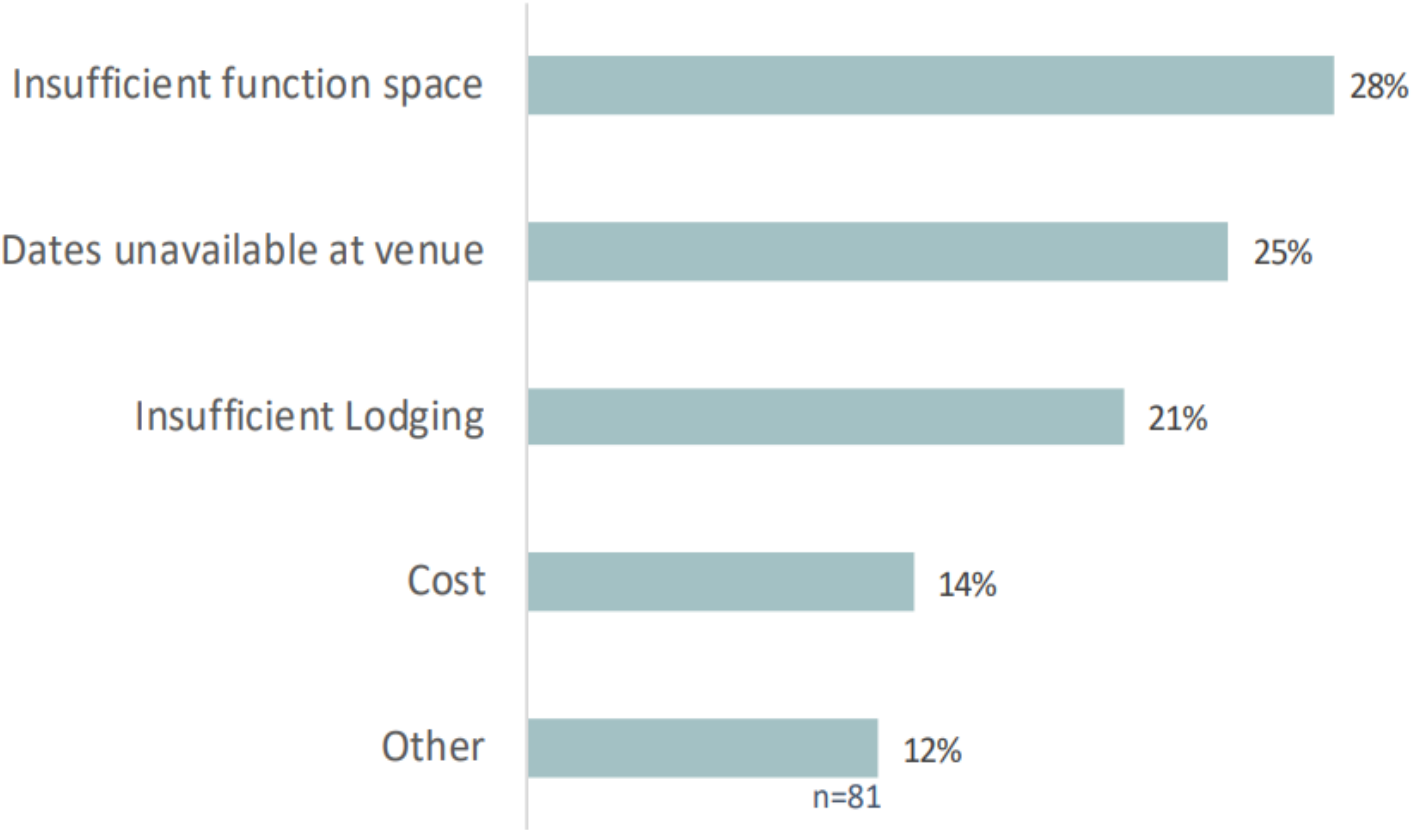


Have you ever wanted to host an event in Sonoma County but been unable to do so?



n=108

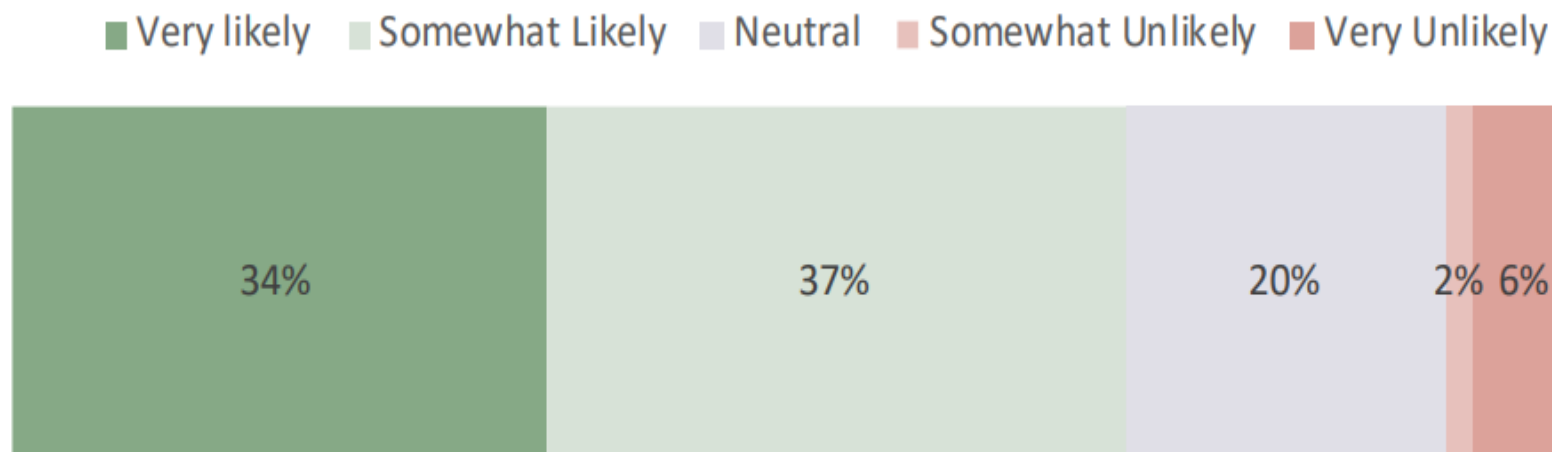
If no, why were you unable to host an event in Sonoma County?



Likelihood of Hosting Event in Convention Center



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



n=108

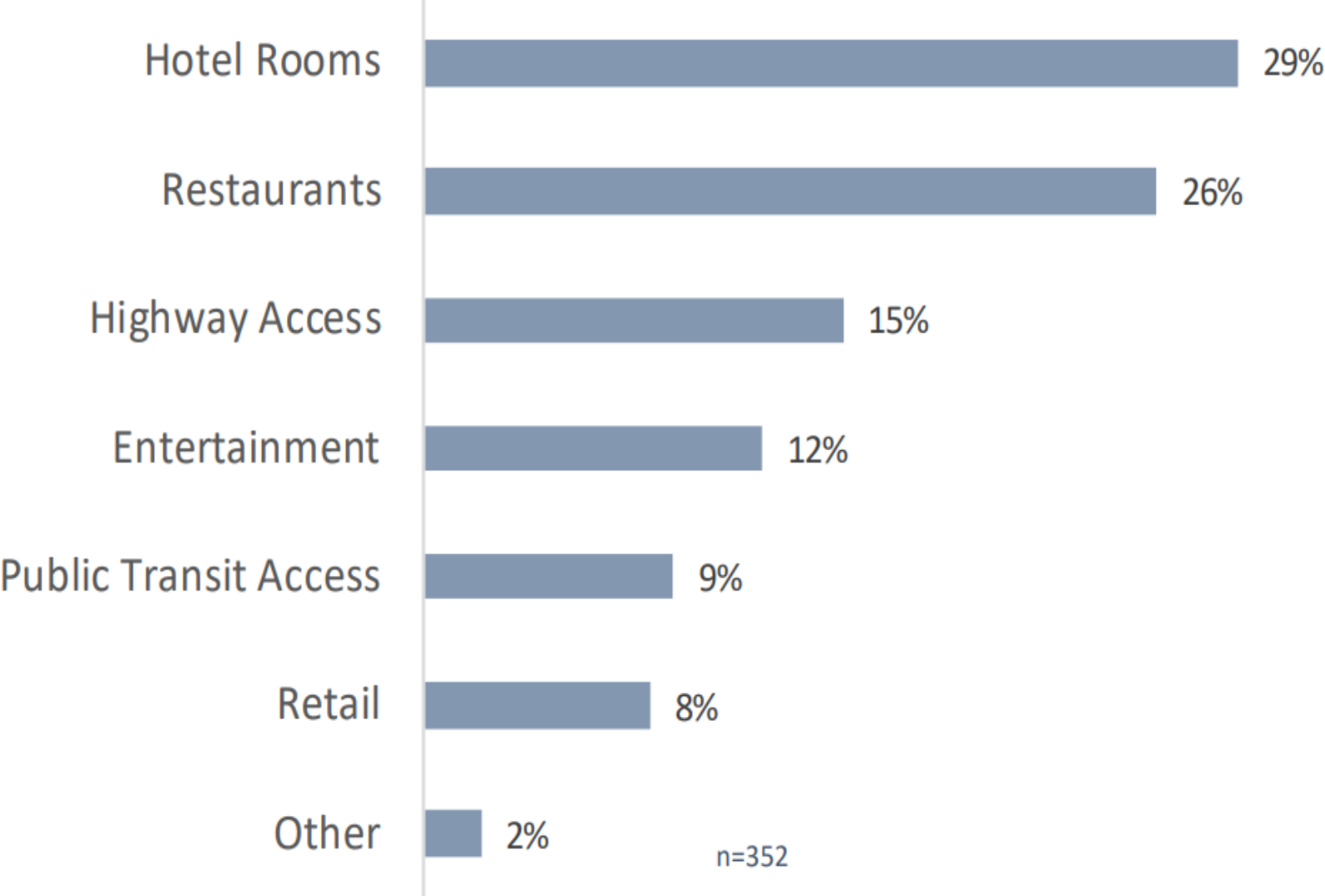
63 Positive Net Promoter Score

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

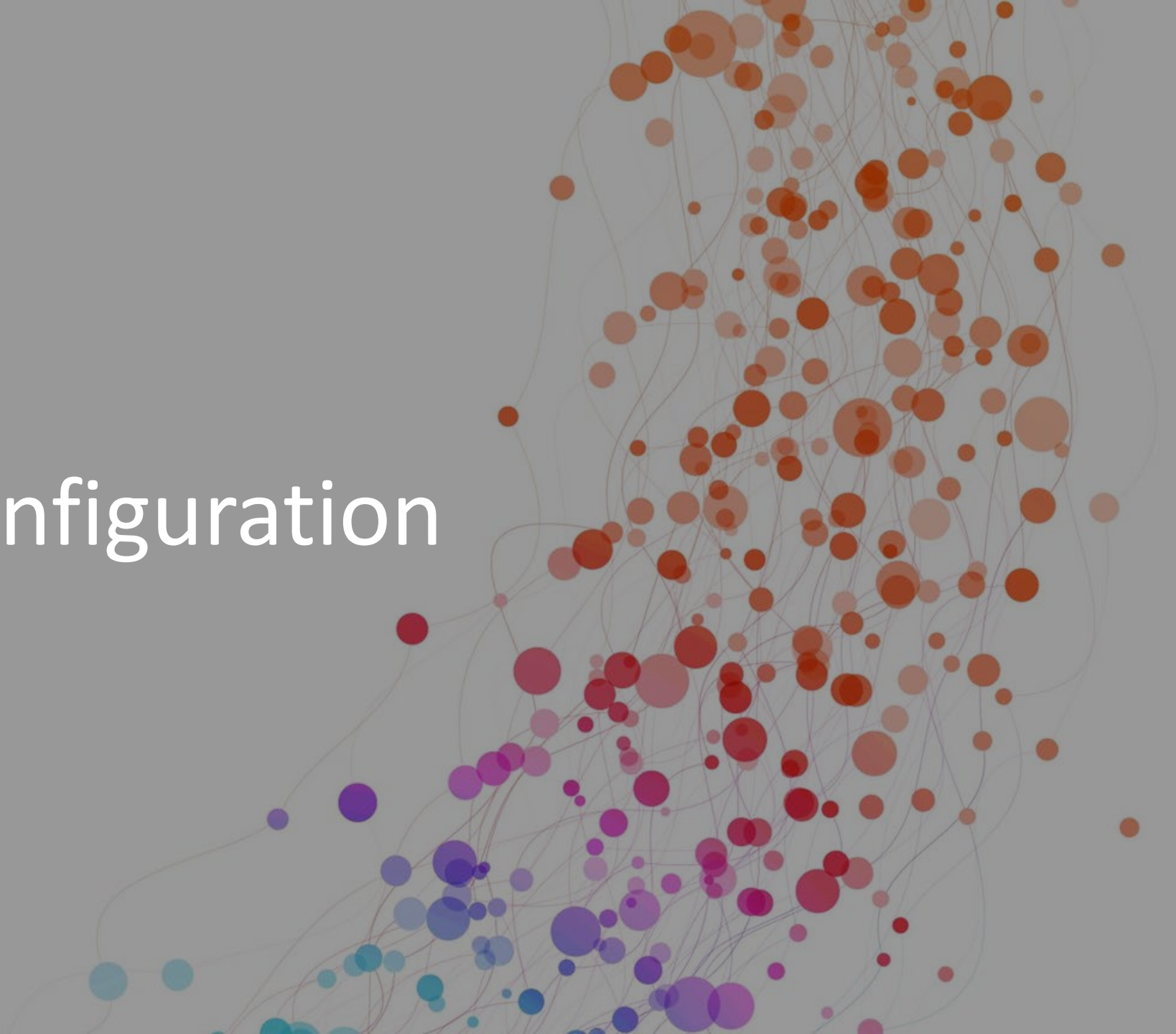
Convention Center Amenities



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



Property Configuration



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			

Total Function Space (SF)



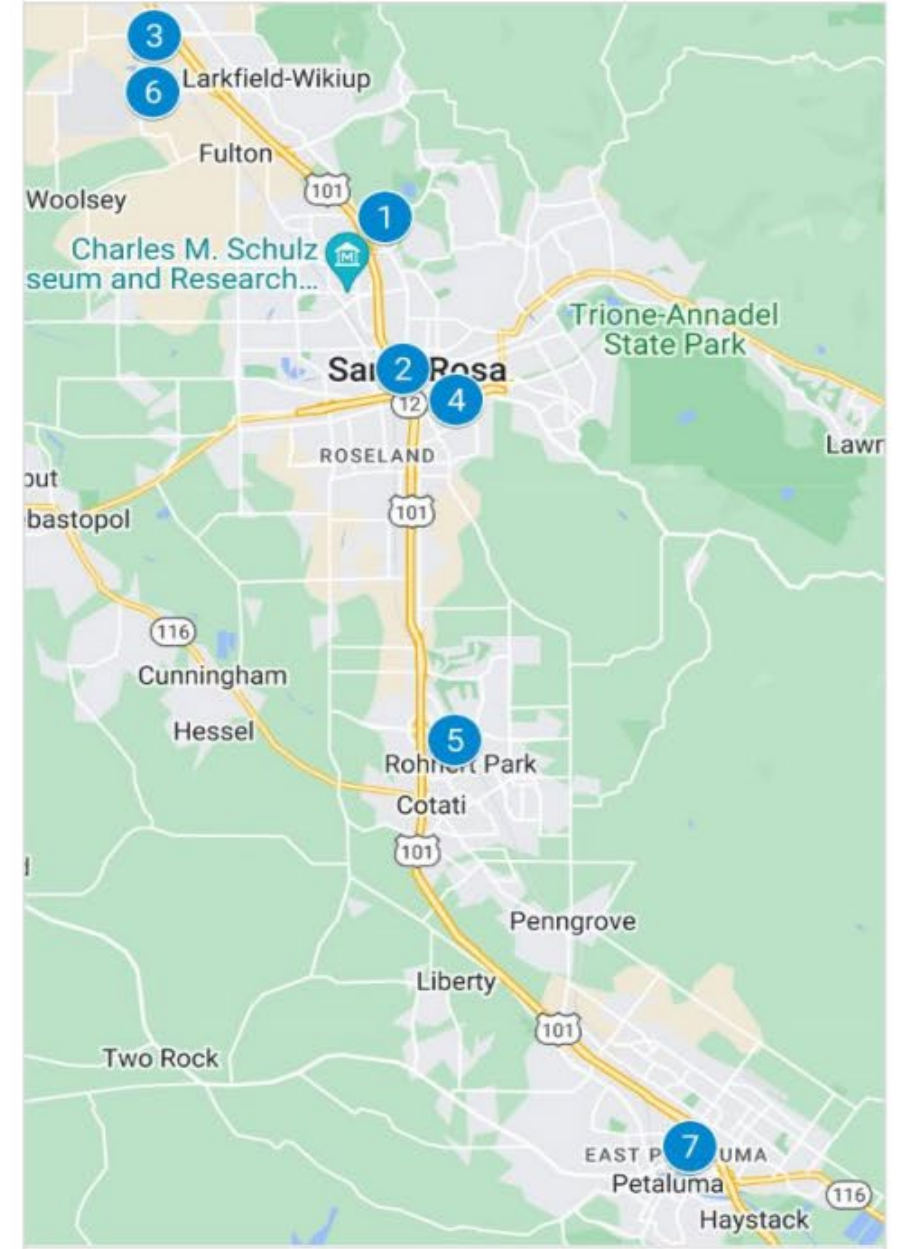
Local Area Hotels with Meeting Space

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

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.

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



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
<i>Percent of Maximum</i>		<i>76%</i>	<i>84%</i>	<i>67%</i>	<i>71%</i>	<i>79%</i>	<i>70%</i>	<i>69%</i>

- 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

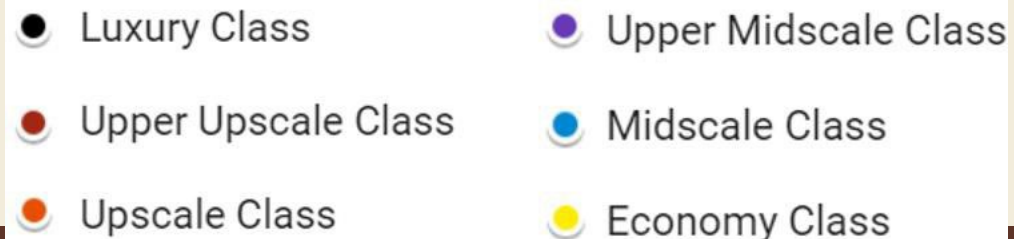
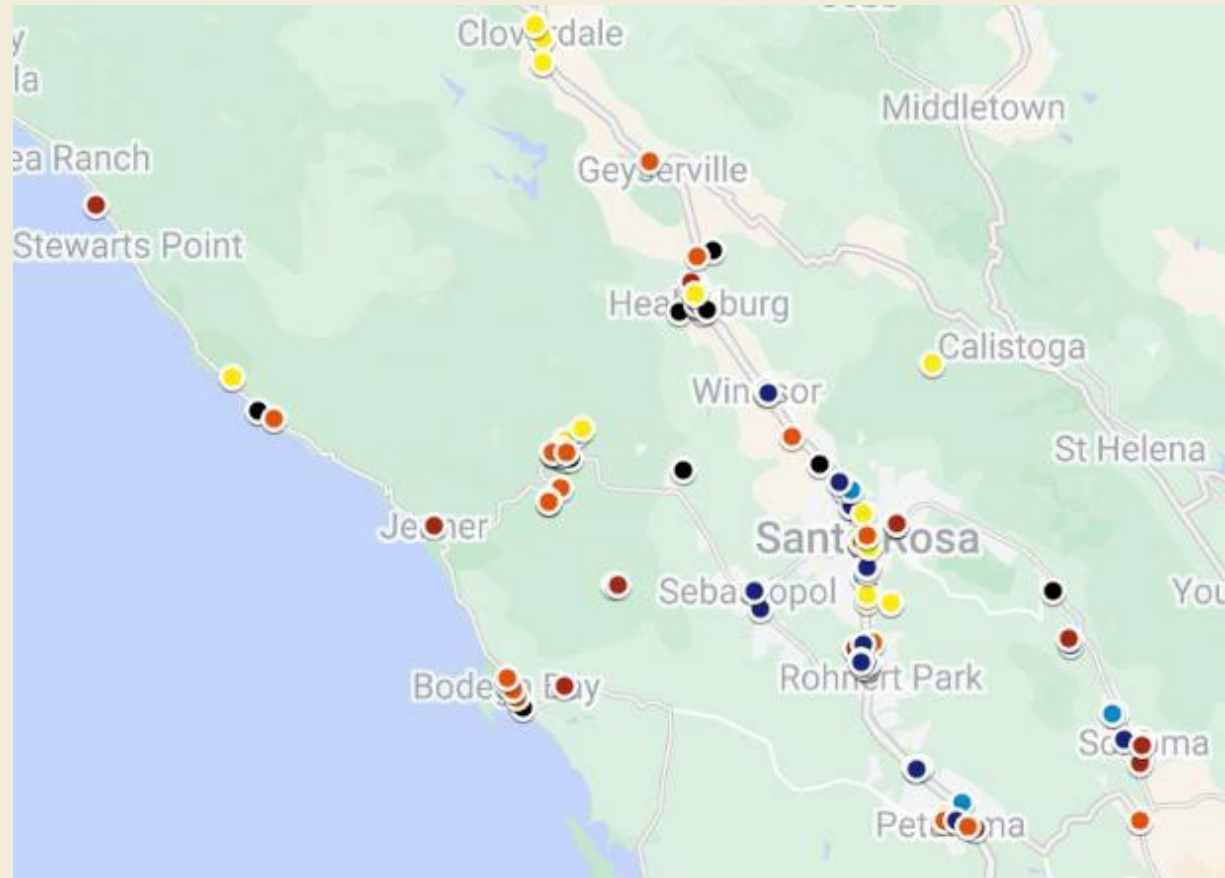


Hotel Supply in Sonoma County

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.



New Supply Pipeline

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.

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					

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

	Historical		Projected								
	2019	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Commercial											
Total Demand	186,508	172,098	173,819	177,295	187,933	201,088	213,154	221,680	228,330	231,755	234,073
Growth Rate		(7.7) %	1.0 %	2.0 %	6.0 %	7.0 %	6.0 %	4.0 %	3.0 %	1.5 %	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 b y 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 %

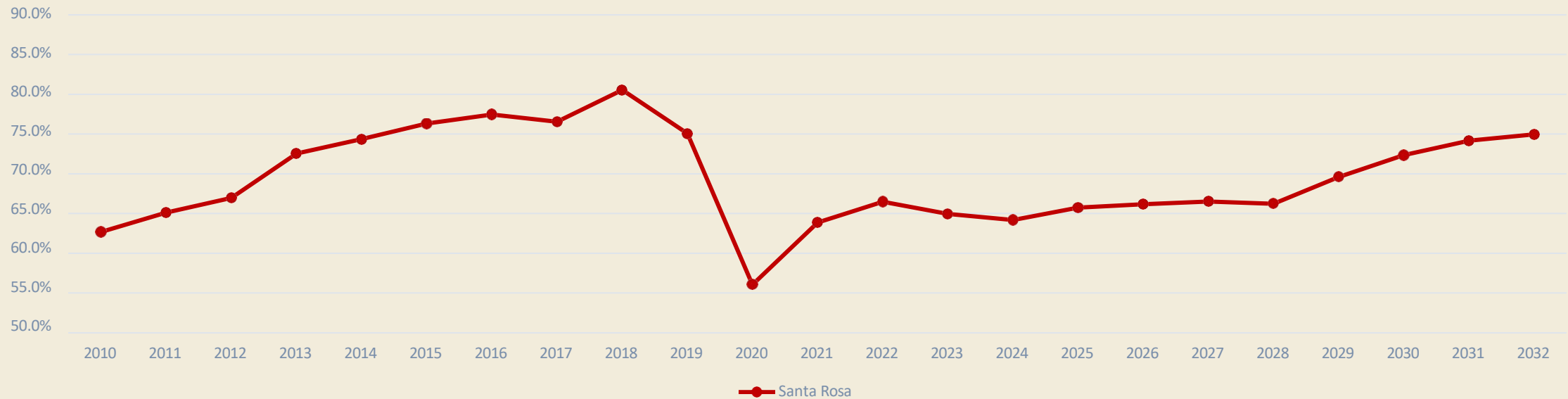
¹ Opening in January 2028 of the 100% competitive, 250-room Proposed Sonoma County Convention Center Hotel

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

³ Opening in January 2026 of the 100% competitive, 165-room Proposed Hyatt Place

Supply & Demand Analysis

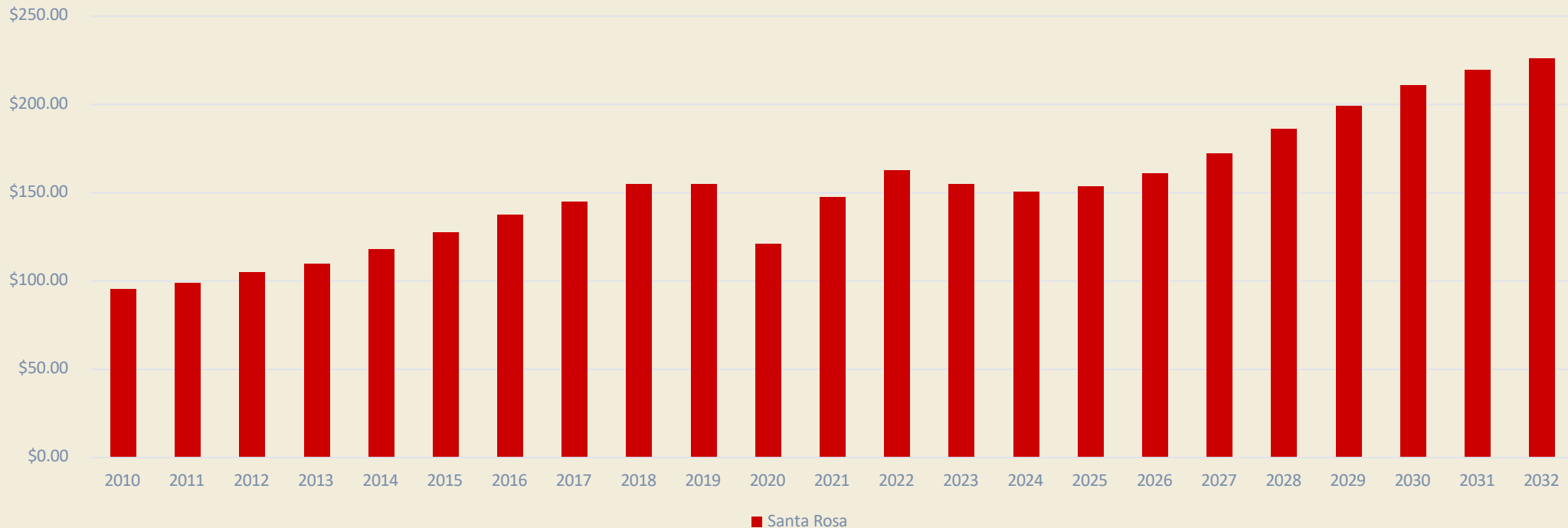
Historical and Forecast of Market Occupancy



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.

Supply & Demand Analysis

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



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 2028	2029	2030	Stabilized 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



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

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%

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%

Pro Forma – (Inflated \$000's)

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

	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.

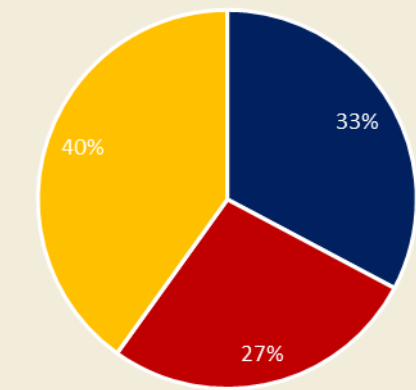
Guestroom Configuration		Number of Units
Standard		240
Suite		10
Total		250
Food & Beverage Facilities		
Three-Meal Restaurant		
Lobby Lounge/Café/Grab & Go		
Rooftop Restaurant		
Indoor Meeting & Banquet Facilities		Square Footage
Ballroom		5,000
Meeting Space		2,600
Board Room		400
Total		8,000
Amenities & 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.

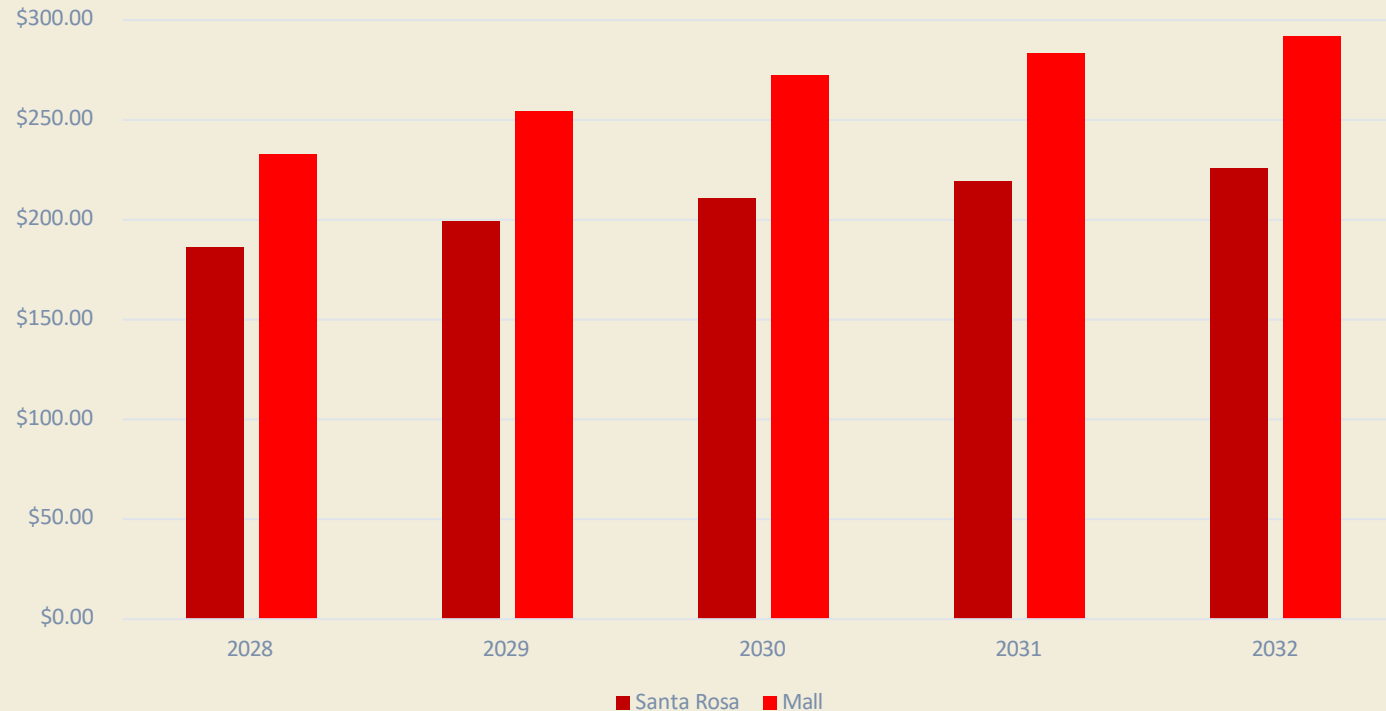


■ Commercial ■ Leisure ■ Meeting and Group

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	2024	2025	2026	2027	2028	2029	2030	2031	2032	
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

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.

Construction & Development Estimates



Construction & Development Estimates

ITEM	EST. COST
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
Operating Deficit to Breakeven	2,700,000
Total:	81,610,251

Assumptions (all together):

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.

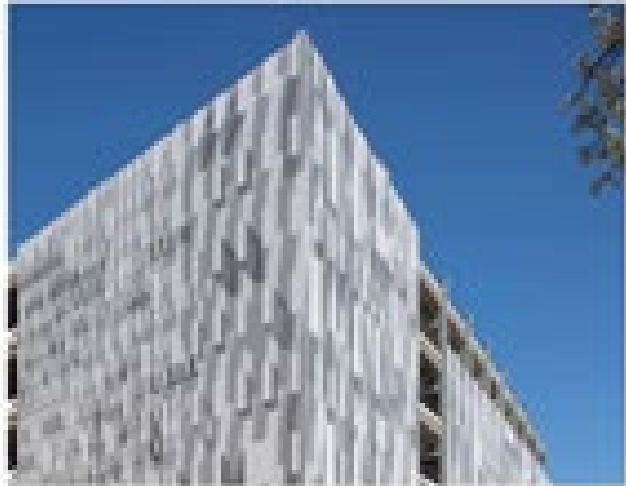
Note: Costs are estimates based on assumptions, current conditions, and other factors gathered by local developers and project partners. Does not include acquisition costs.



Test Fit and Visioning









101

EVENT BARN

FLEXIBLE OPEN SPACE

CONFERENCE DROPOFF

COURTYARD

SERVICE YARD

A STREET

B STREET

3RD STREET

2ND STREET

HOTEL DROPOFF

ROOFTOP POOL

ROOFTOP RESTAURANT

CORNER TERRACE

ROAD WITH ENHANCED PAVING

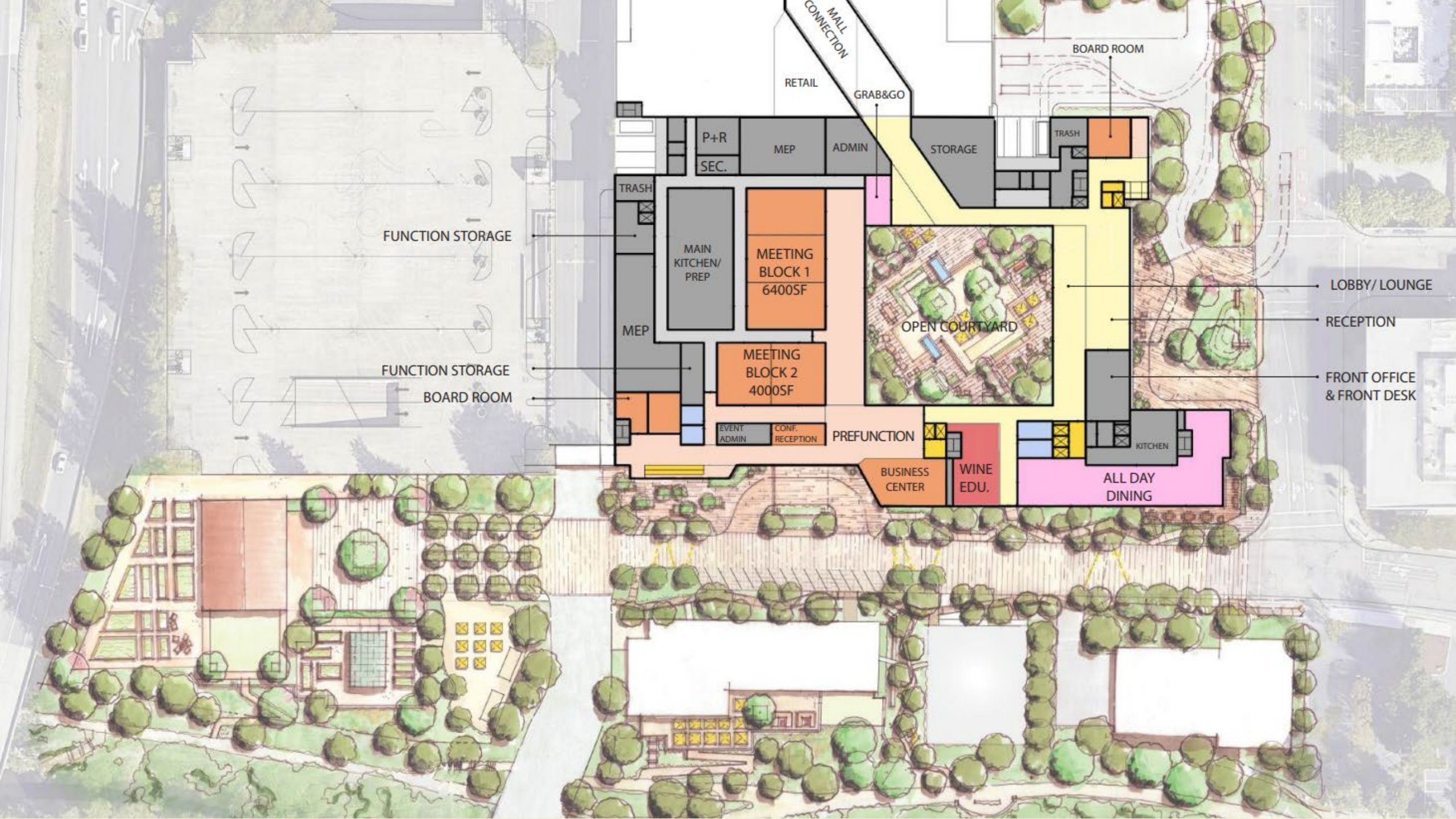
1ST STREET

POTENTIAL FUTURE DEVELOPMENT

SANTA ROSA CREEK

A STREET

SITE PLAN



MALL CONNECTION

RETAIL

GRAB&GO

BOARD ROOM

P+R

MEP

ADMIN

STORAGE

TRASH

SEC.

TRASH

MAIN KITCHEN/
PREP

MEETING
BLOCK 1
6400SF

OPEN COURTYARD

FUNCTION STORAGE

MEP

MEETING
BLOCK 2
4000SF

LOBBY/ LOUNGE

RECEPTION

FUNCTION STORAGE

BOARD ROOM

FRONT OFFICE
& FRONT DESK

EVENT
ADMIN

CONF.
RECEPTION

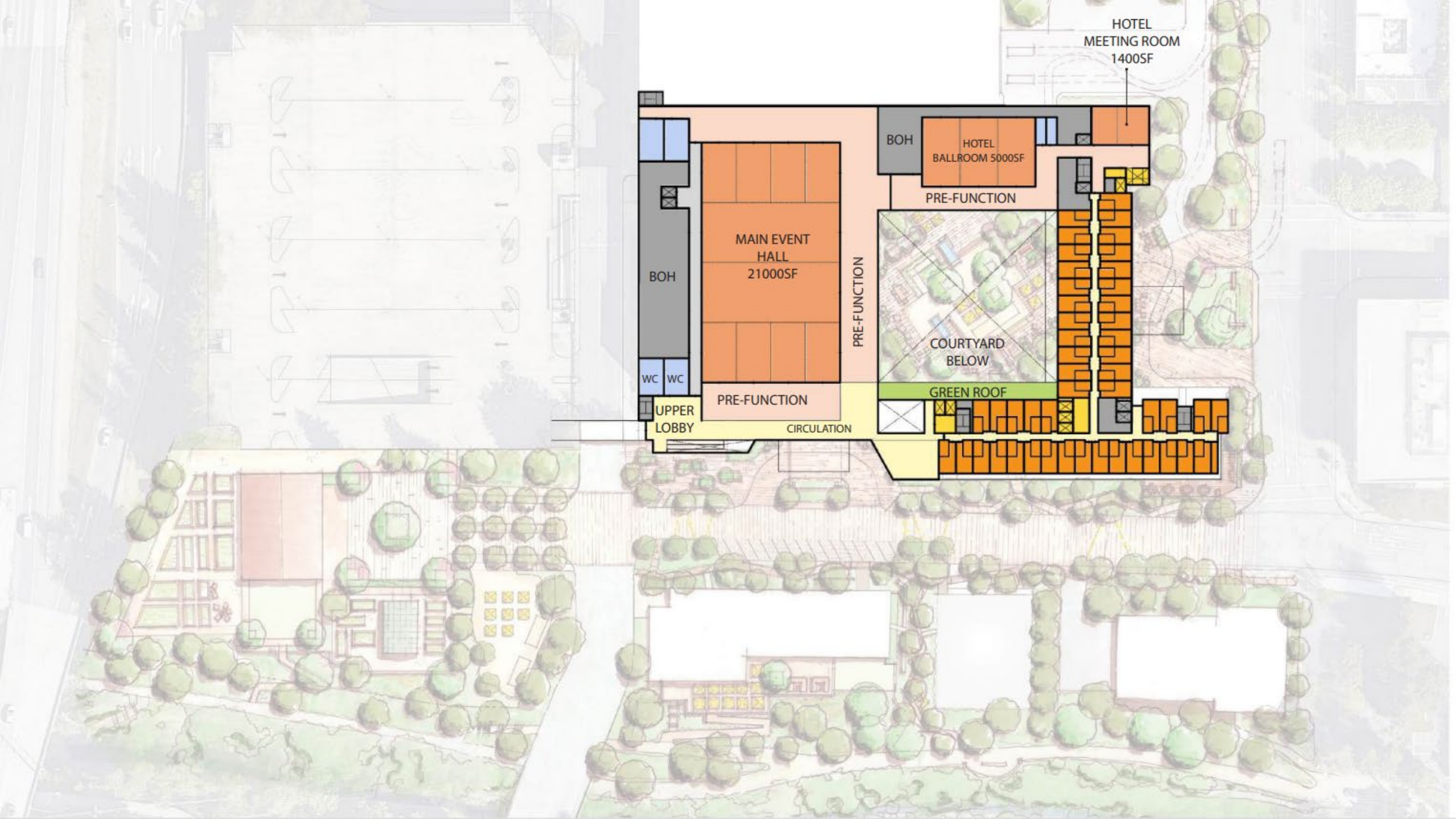
PREFUNCTION

KITCHEN

BUSINESS
CENTER

WINE
EDU.

ALL DAY
DINING



HOTEL
MEETING ROOM
1400SF

BOH

HOTEL
BALLROOM 5000SF

PRE-FUNCTION

BOH

MAIN EVENT
HALL
21000SF

PRE-FUNCTION

WC WC

UPPER
LOBBY

PRE-FUNCTION

CIRCULATION

COURTYARD
BELOW

GREEN ROOF



OUTDOOR FITNESS &
YOGA

WC

FITNESS

POOL

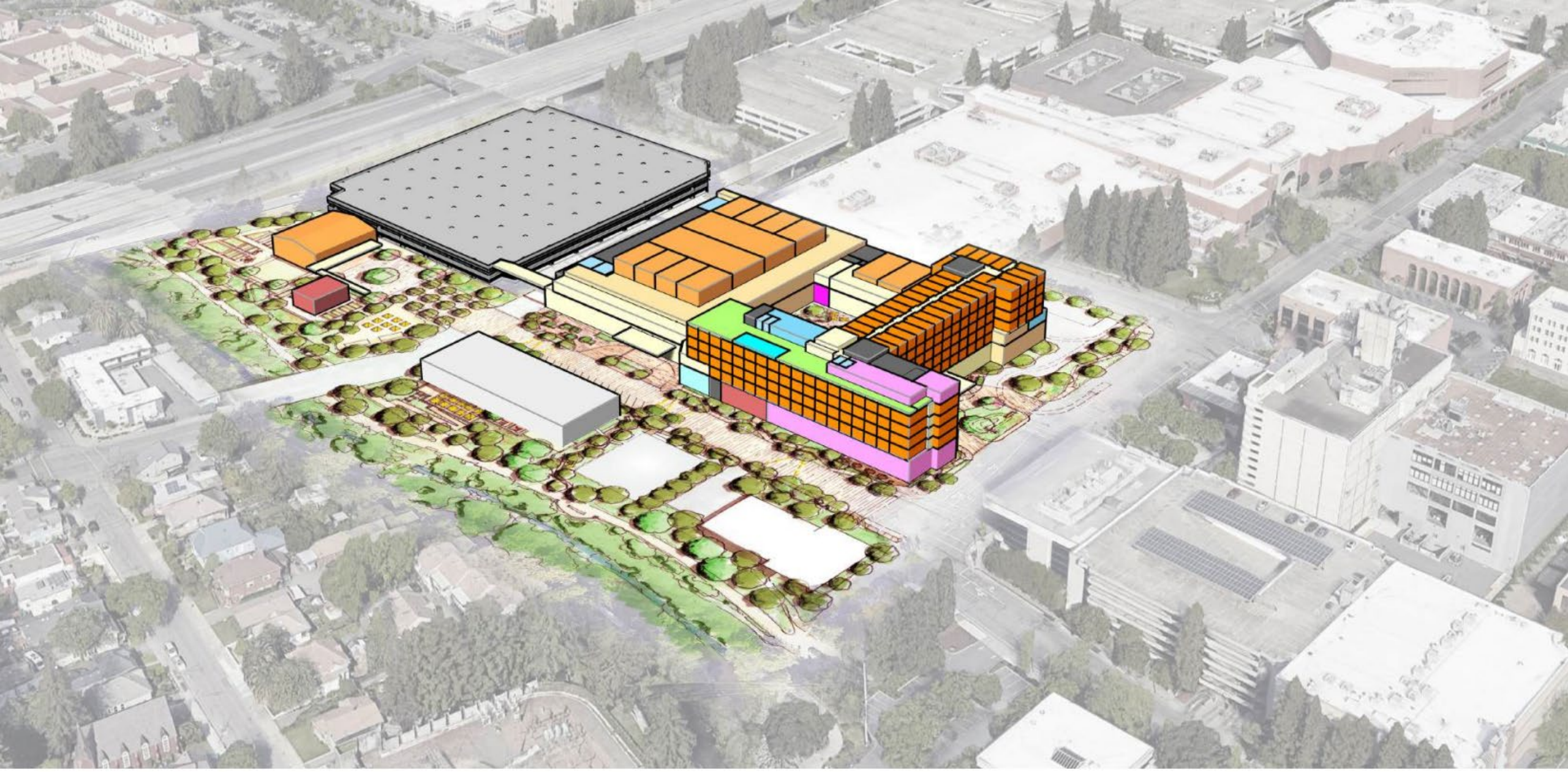
KITCHEN

ROOF TOP
RESTAURANT

PRIVATE DINING



 HOTEL RM.	 PUBLIC AREA	 WINE EDU.	 CONVENTION	 MEETING	 PREFUNCTION
 DINING	 TERRACE	 FITNESS	 B.O.H.	 W.C.	 PARKING



- | | | | | | |
|--|---|---|--|--|---|
|  HOTEL RM. |  PUBLIC AREA |  WINE EDU. |  CONVENTION |  MEETING |  PREFUNCTION |
|  DINING |  TERRACE |  FITNESS |  B.O.H. |  W.C. |  PARKING |





Next Steps



An aerial photograph of a city grid. A large, multi-colored rectangular area in the center represents a proposed development. The colors include orange, yellow, green, blue, and purple, suggesting different building types or phases. To the left of this area is a large, flat, grey-roofed building. To the right is a smaller, grey-roofed building. The surrounding city consists of various other buildings, streets, and green spaces. The text "Funding Options" is overlaid in white on the central development area.

Funding Options

Funding Strategy

Funding Options:

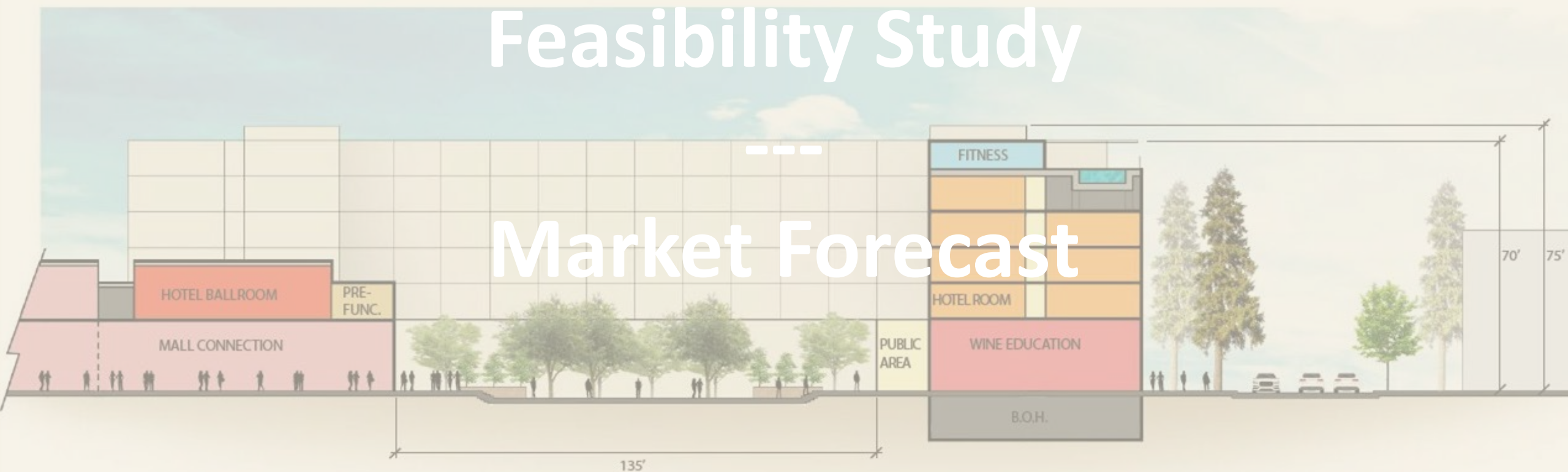
1. Municipal support (city and county)
2. Special Assessment Districts
3. Bonds (municipal, activity, etc.)
4. California Infrastructure and Economic Development Bank (I Bank)
5. State and Federal Grants
6. Local Activations and Support (e.g., naming rights)

Note: This funding strategy and options are conceptual and will be refined with realistic values over the next several months.



An architectural rendering of a modern, multi-story building with a mix of light-colored stone or concrete and dark wood paneling. The building features large windows and balconies with glass railings. The ground floor has a large glass-fronted entrance, possibly for a retail or public space, with people walking inside and outside. The building is surrounded by lush green trees and a paved sidewalk with pedestrians. A silver car is parked on the street in front of the building. The sky is a clear, light blue.

Questions?



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).

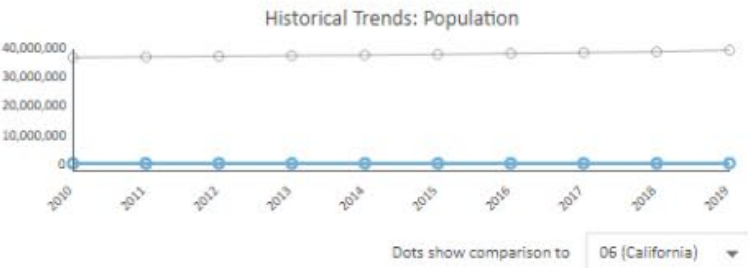


POPULATION TRENDS AND KEY INDICATORS

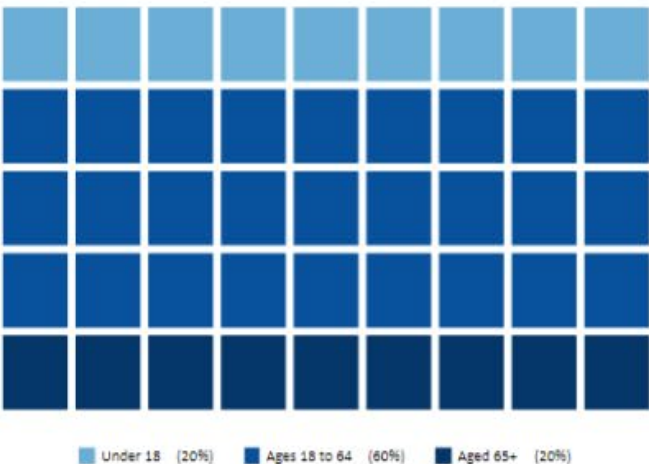
Sonoma County, CA

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

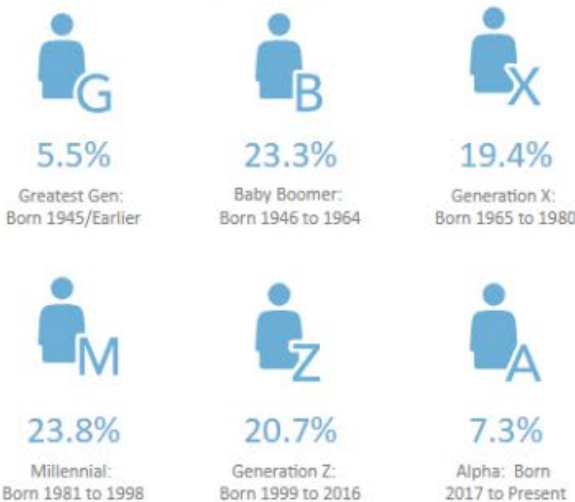
MORTGAGE INDICATORS



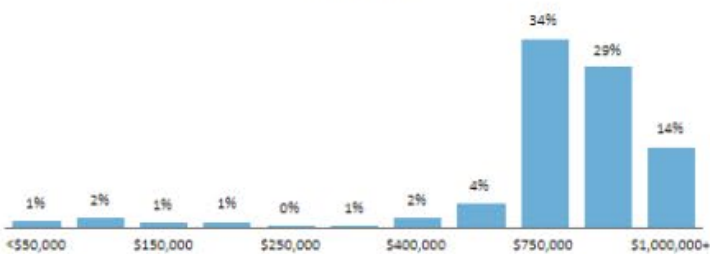
POPULATION BY AGE



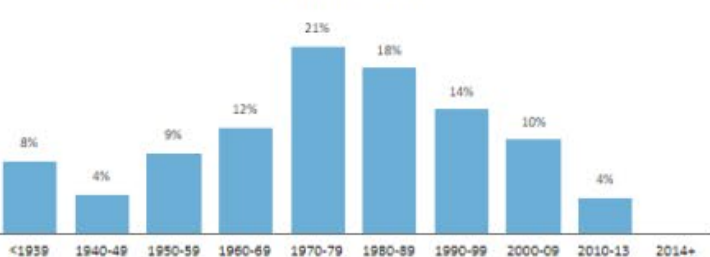
POPULATION BY GENERATION



Home Value



Housing: Year Built



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

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.

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

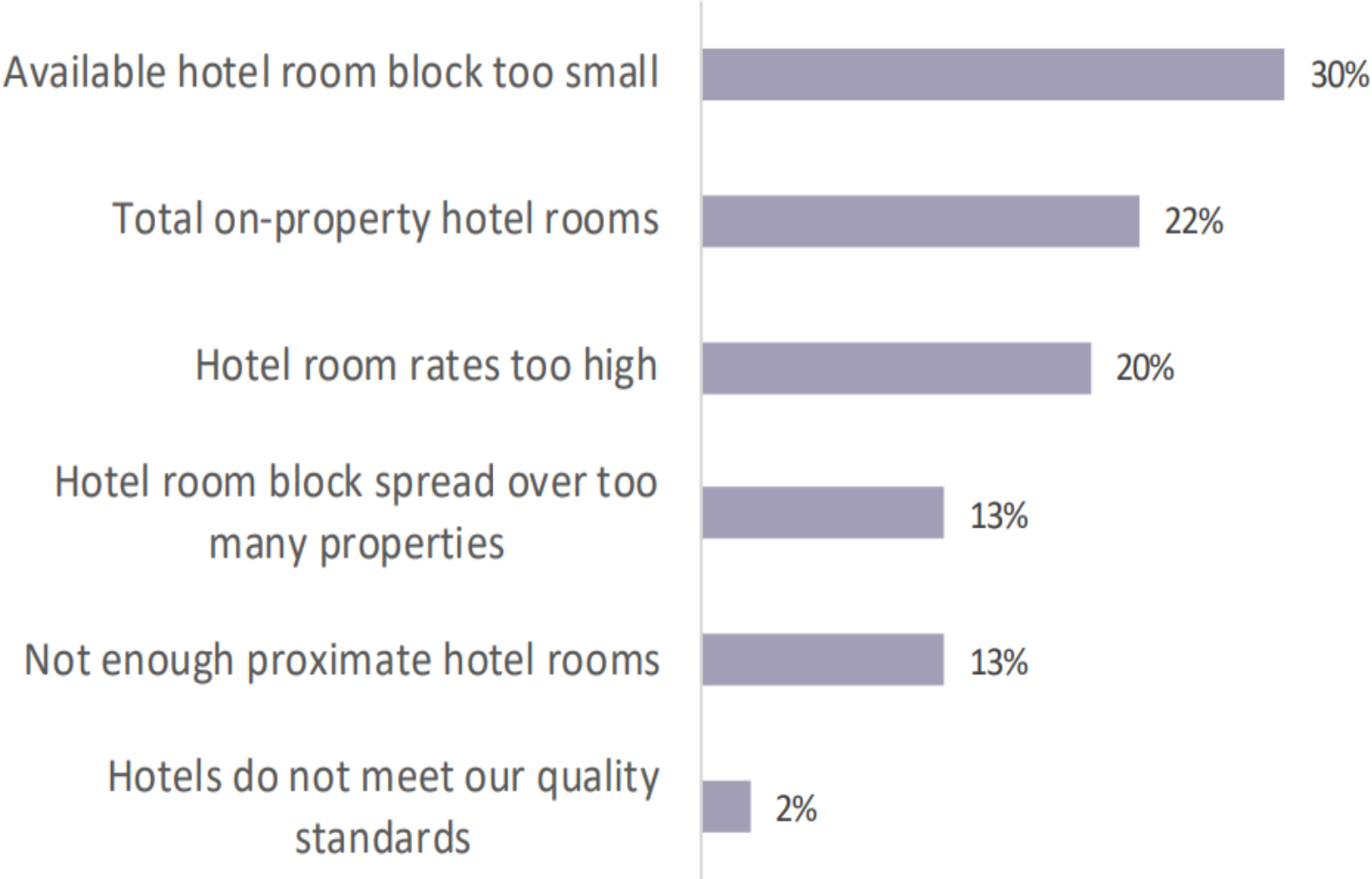
Size (Number of Guest Rooms)	Number of Properties	Number of Guest Rooms
Less than 50	72	1,613
50 to 99	22	1,660
100 to 199	30	3,759
200 to 299	4	924
Total	128	7,956

Source: STR

Issues with Hotel Room Supply



Please indicate the specific reasons why hotel rooms were insufficient.

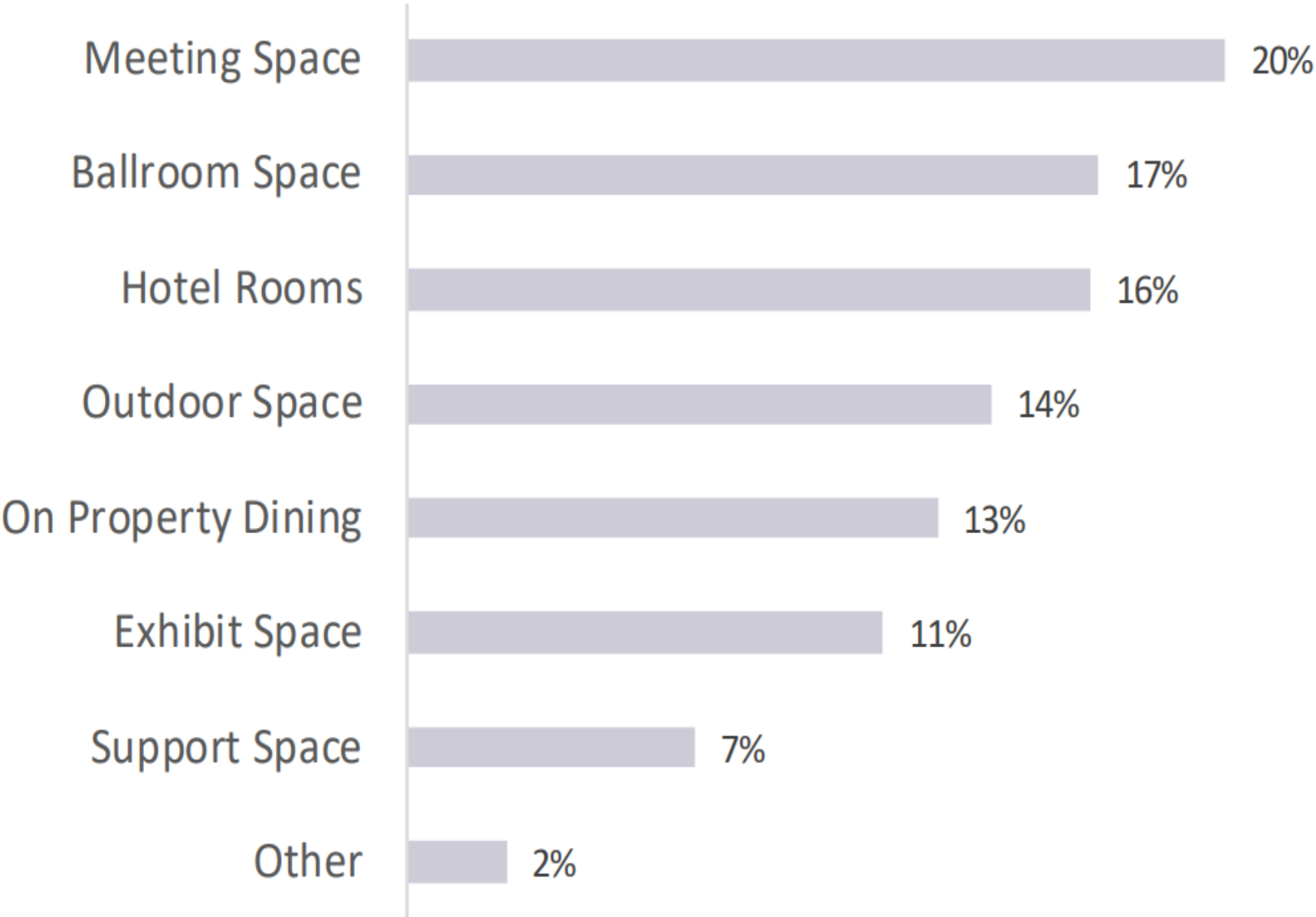


Sonoma County Convention Center Function Spaces



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?



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 neighrboing 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

Supply & Demand Analysis

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.

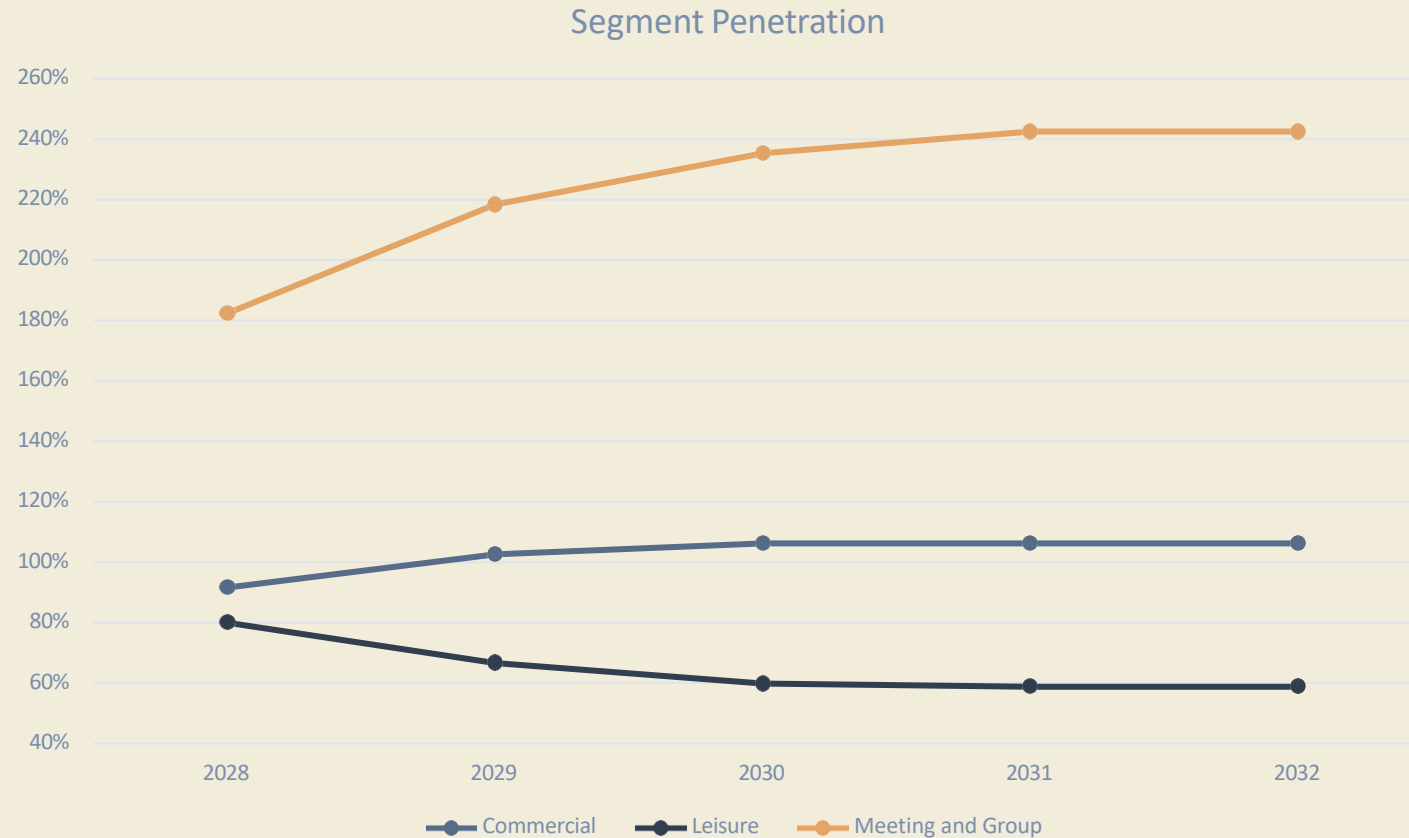
It is important to note some limitations of the STR data. Hotels are occasionally added to or removed from the sample; furthermore, not every property reports data in a consistent and timely manner. These factors can influence the overall quality of the information by skewing the results, and these inconsistencies 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

Market Occupancy Forecast Methodology

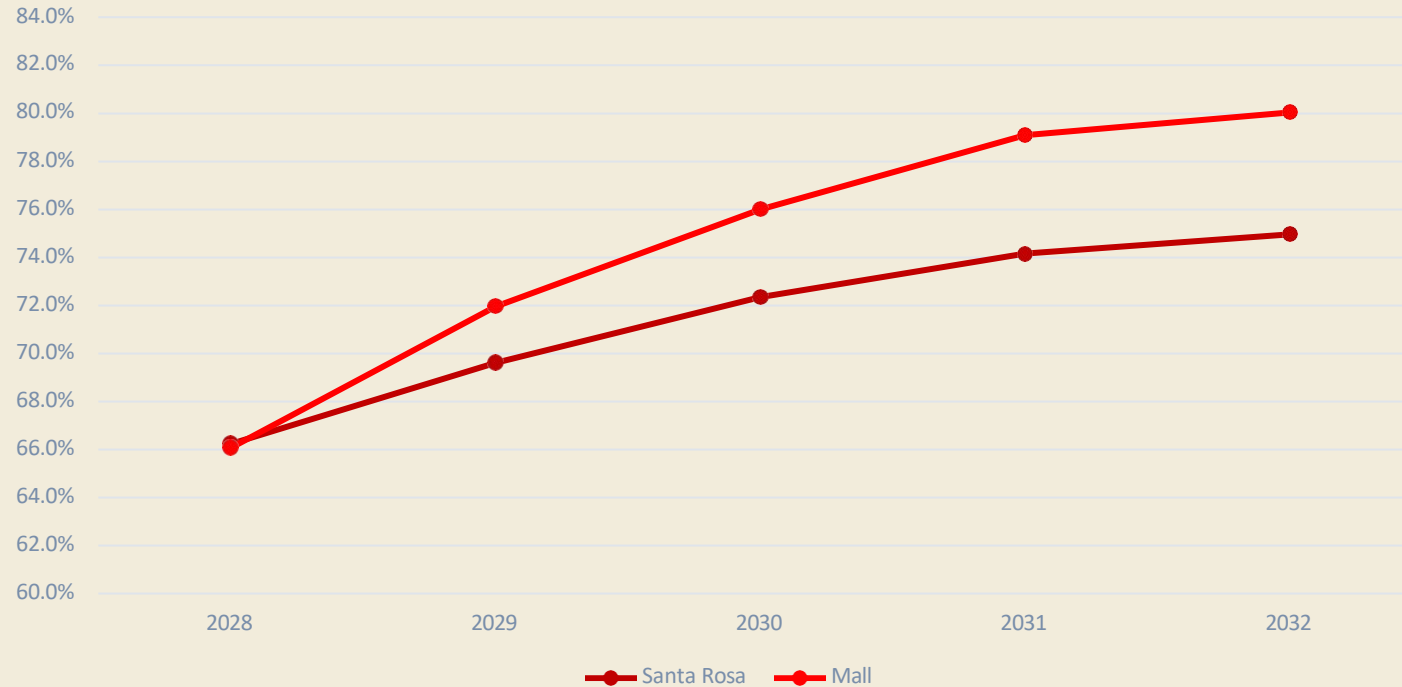
- We have identified three major segments for this market (commercial, leisure, meeting/group) and estimated the 2023 distribution of accommodated-room-night demand based on our fieldwork, area analysis, and knowledge of the local lodging market.
- Based upon a review of the market dynamics in the competitive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

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.

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.

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

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.

Revenue Parameters

- **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.

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.

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

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					