



# HEALDSBURG TID: FORECAST AND CONTEXT

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# Basics



- The City's TOT rate is currently (as of August 2017) 14 percent and split as follows:
  - 10 percent Community Services;
  - 2 percent General Fund (Public Safety); and
  - 2 percent Affordable Housing Services and Programs (Measure S).
- 2 percent for HTID also: operations and potentially additional services to assist Healdsburg as tourism grows

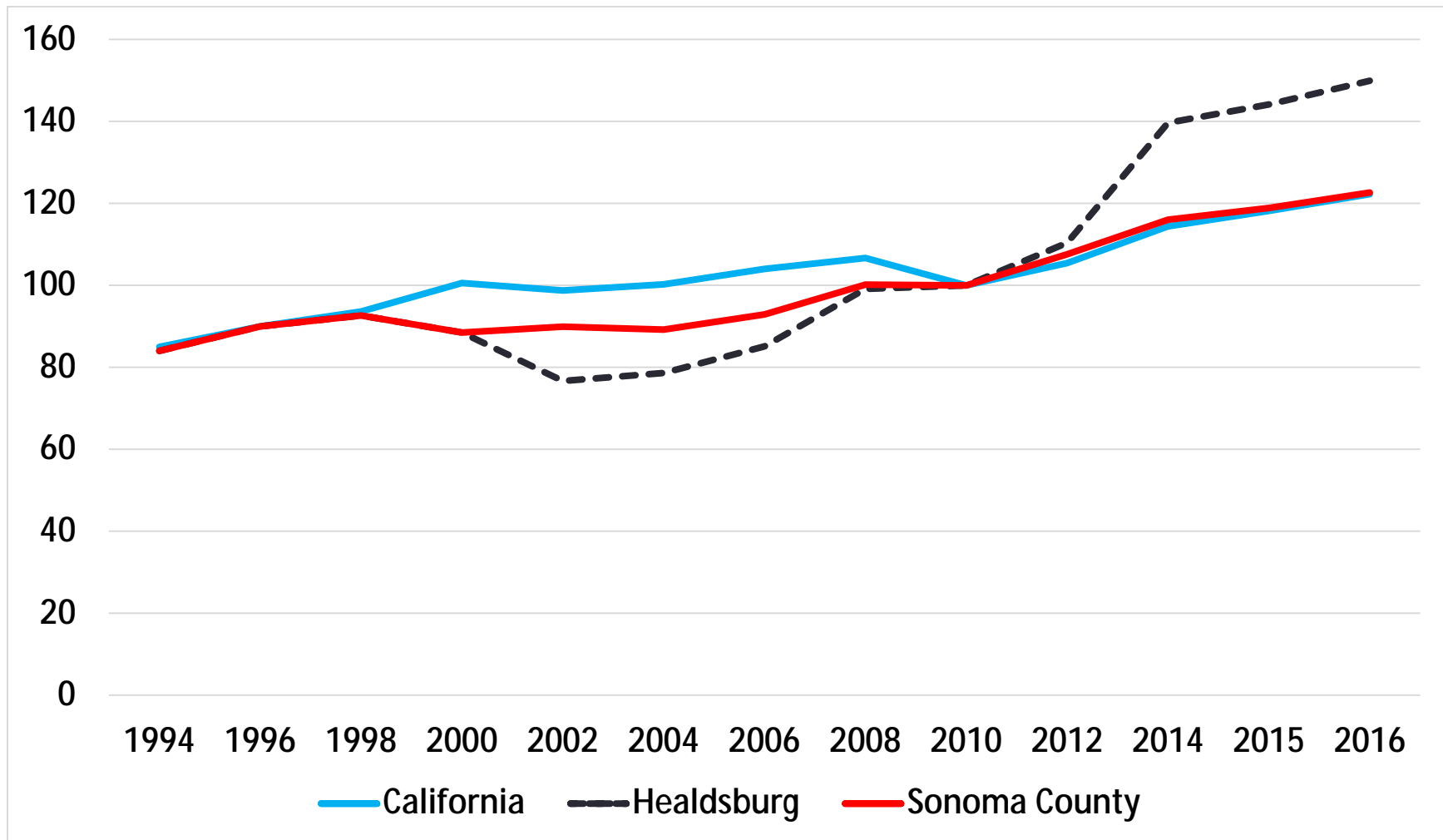
# California Forecast: Tourism



- Total visitation to California:
  - Grow 2.0 percent in 2017
  - Overnight travel just below 2.0 percent to 2021;
- Domestic visitation rising 2017 to 2021, more slowly;
  - Domestic leisure travel > domestic business travel through 2021;
- Domestic US travel to California +2.3% through 2021;
- International relations and economics slowing down foreign inbound travel growth forecasts for now;
  - Key risk to +2.3% growth forecast above.

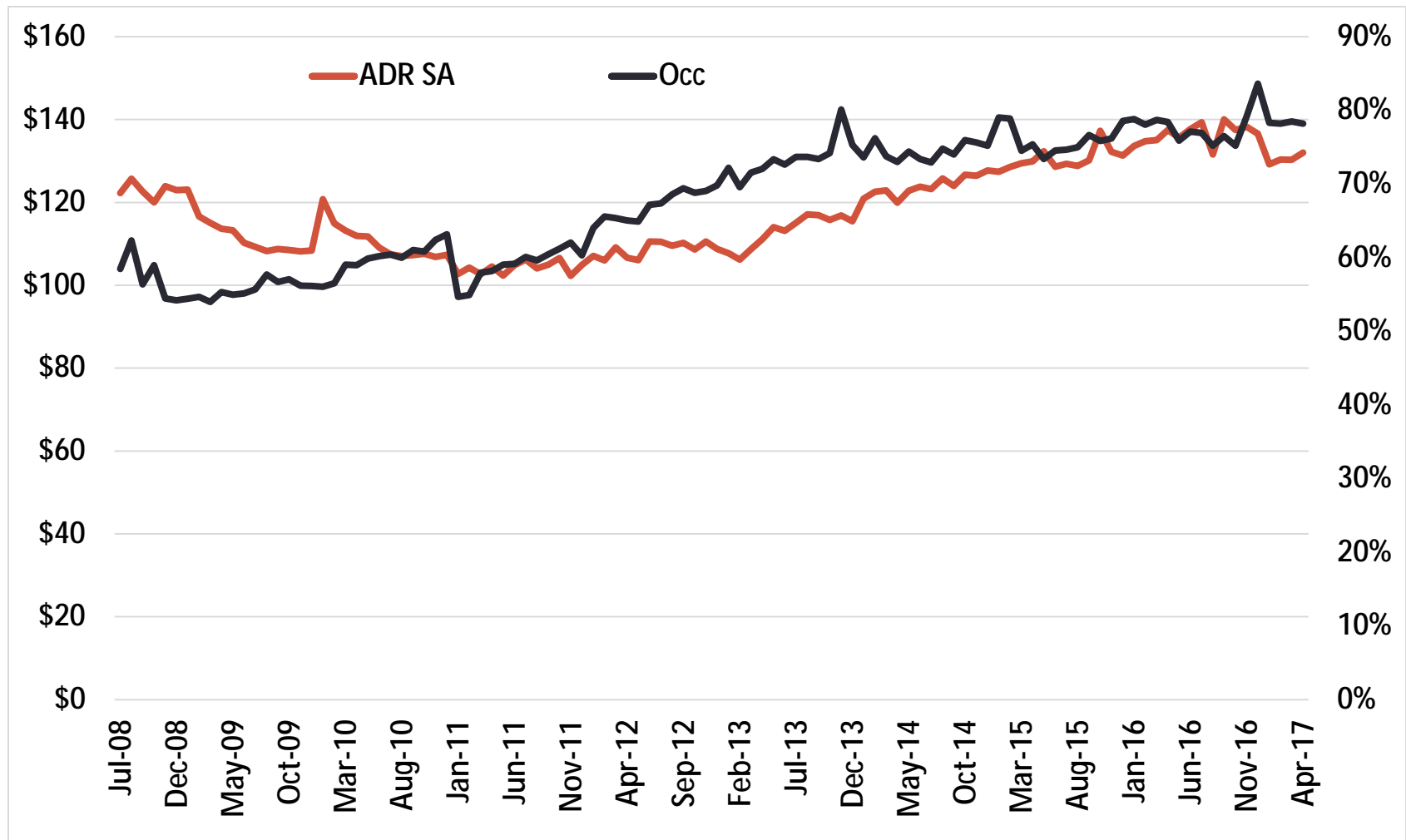
**Bottom line: Forecast good and following macro forecasts**

## Hospitality Employment Levels, Index 2010 = 100 Healdsburg, Sonoma County, California Overall



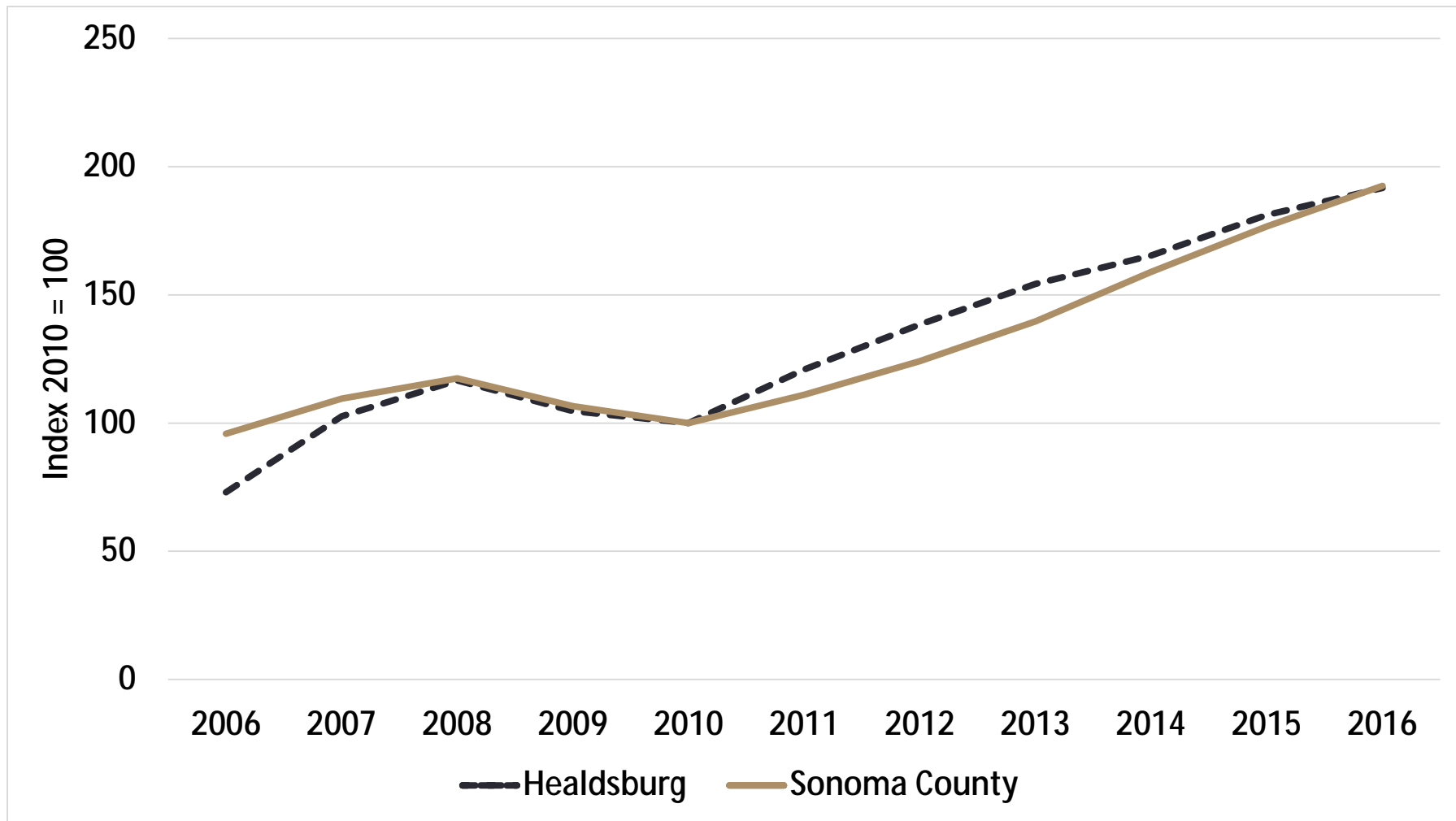
Source: Dean Runyan Associates

## Average Daily Rate (\$) and Occupancy Rates (%) July 2008 to April 2017, Sonoma County, Seasonally Adjusted, Current Dollars



Source: Smith Travel Research

# TOT Revenues, Index 2010 = 100



# TOT Revenue, Sonoma County Cities/Towns, Thousands of \$



Place	2012	2013	2014	2015	2016
Cloverdale	144	161	191	220	217
<b>Healdsburg</b>	<b>\$2,209</b>	<b>\$2,461</b>	<b>\$2,637</b>	<b>\$2,889</b>	<b>\$3,058</b>
Petaluma	1,485	1,681	1,923	2,065	2,495
Rohnert Park	1,941	2,203	2,687	2,981	3,256
Santa Rosa	3,654	4,285	4,361	4,890	5,467
Sebastopol	361	396	360	482	484
Sonoma	2,359	2,645	3,569	3,564	3,651
Windsor	1,287	1,426	1,634	1,735	1,884

# Forecast Assumptions



- 459 taxable rooms starting in 2015-16
  - New rooms coming online over the forecast (another 291 rooms over forecast);
- Healdsburg's total overnight tax revenue collections
  - \$3,058,000 in FY 2015-16 with TOT rate 12% and HTID rate 2%
  - HTID revenues were \$576,902 for FY 2015-16; and
- The TOT rate 14% for the City and 2% remains for HTID
  - These rates are not expected to change over the forecast timeline.
- Three scenarios:
  - 2% growth of RevPAR =  $ADR \times \text{Occupancy rate}$
  - 5% growth of RevPAR
  - 7% growth of RevPAR



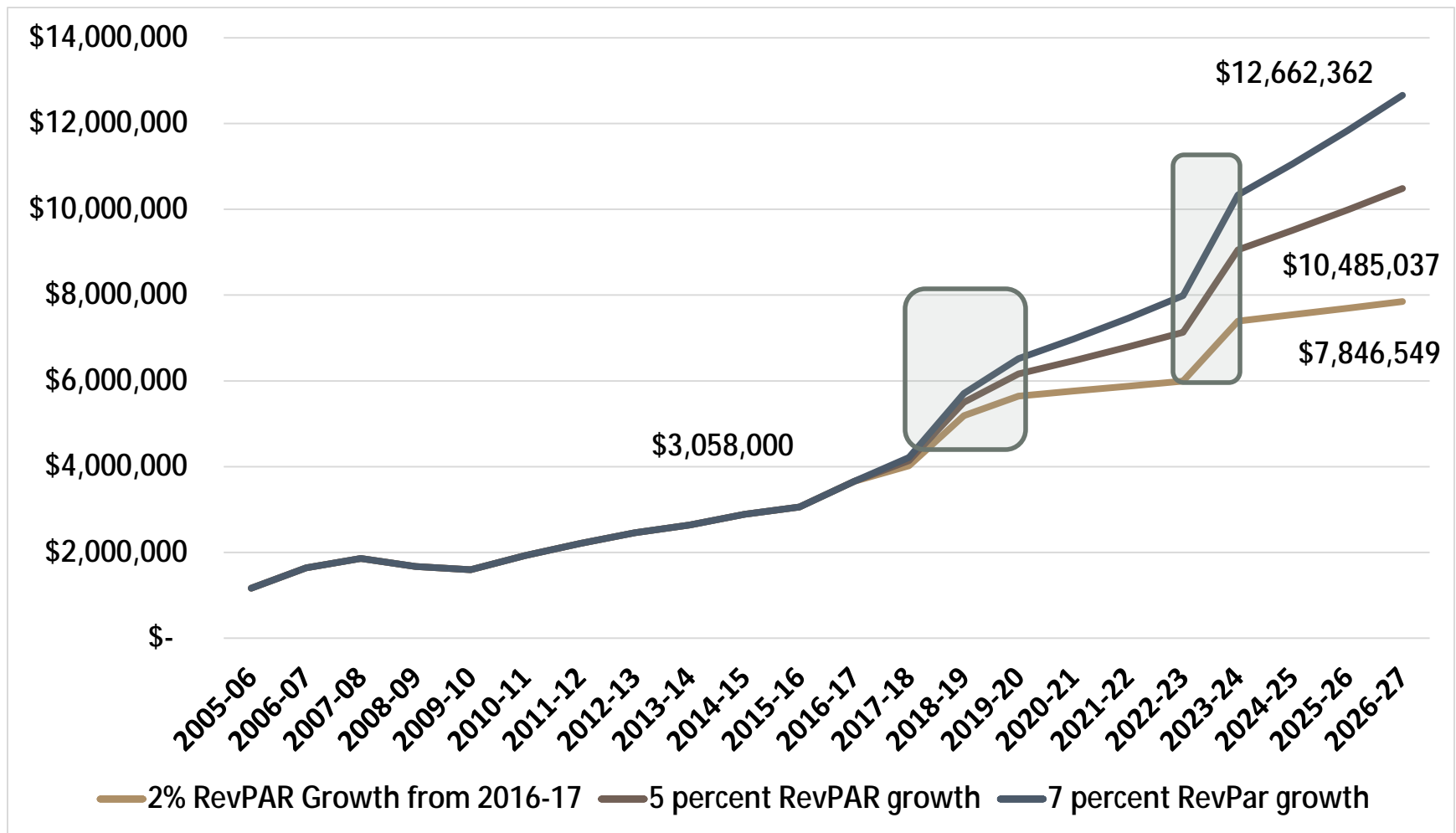
# RevPAR Estimates and Forecasts for Healdsburg 2015-16 to 2026-27 Fiscal Years, Three Scenarios



	RevPAR by Forecast Scenario		
Fiscal Year	(1)	(2)	(3)
2015-16	\$163	\$163	\$163
2016-17	<b>\$168</b>	<b>\$168</b>	<b>\$168</b>
2017-18	\$171	\$176	\$180
2018-19	\$175	\$185	\$192
2019-20	\$178	\$194	\$206
2020-21	\$182	\$204	\$220
2021-22	\$185	\$214	\$236
2022-23	\$189	\$225	\$252
2023-24	\$193	\$236	\$270
2024-25	\$197	\$248	\$289
2025-26	\$201	\$261	\$309
2026-27	<b>\$205</b>	<b>\$274</b>	<b>\$330</b>

Sources: Author's Calculations, Smith Travel Research, Dean Runyan Associates

# Forecast Scenarios



# HTID Forecasts Based TOT Forecasts



Fiscal Year	HTID Forecast Scenarios		
	(1)	(2)	(3)
<b>2015-16</b>	<b>\$576,902</b>	<b>\$576,902</b>	<b>\$576,902</b>
2016-17	\$588,440	\$588,440	\$588,440
2017-18	\$600,209	\$617,862	\$629,631
2018-19	\$741,130	\$785,367	\$815,570
2019-20	\$806,696	\$879,989	\$931,238
2020-21	\$822,830	\$923,988	\$996,425
2021-22	\$839,286	\$970,188	\$1,066,174
2022-23	\$856,072	\$1,018,697	\$1,140,807
2023-24	\$1,056,283	\$1,293,910	\$1,476,609
2024-25	\$1,077,408	\$1,358,605	\$1,579,971
2025-26	\$1,098,956	\$1,426,536	\$1,690,569
<b>2026-27</b>	<b>\$1,120,936</b>	<b>\$1,497,862</b>	<b>\$1,808,909</b>

# Sales Taxes and Tourism: 2010



Place	Taxable Sales	Pop	Per Cap Taxable Sales	Median HH Income
Healdsburg	\$285,733,000	11,222	\$25,462	\$62,550
Sonoma	\$194,845,000	10,135	\$19,225	\$65,728
Cotati	\$134,128,000	7,085	\$18,931	\$64,107
Sebastopol	\$123,806,000	7,368	\$16,803	\$53,008
Santa Rosa	\$2,414,077,000	158,365	\$15,244	\$59,326
Petaluma	\$805,825,000	55,991	\$14,392	\$73,284
Rohnert Park	\$573,557,000	41,290	\$13,891	\$57,387
Windsor	\$269,652,000	25,710	\$10,488	\$73,709
Cloverdale	\$48,973,000	8,371	\$5,850	\$54,309

Sources: Author's Calculations, CA Board of Equalization, CA Dept of Finance, Census Bureau

# Sales Taxes: 2015



Place	Taxable Sales	Pop	Per Cap Taxable Sales	Median HH Income
Healdsburg	\$381,187,000	11,421	\$33,376	\$65,638
Sonoma	\$266,558,000	10,655	\$25,017	\$62,516
Cotati	\$170,762,000	7,262	\$23,514	\$61,737
Sebastopol	\$153,267,000	7,388	\$20,745	\$57,560
Petaluma	\$1,130,383,000	58,069	\$19,466	\$80,276
Santa Rosa	\$3,147,615,000	168,175	\$18,716	\$61,050
Rohnert Park	\$607,383,000	40,690	\$14,927	\$58,317
Windsor	\$353,488,000	26,790	\$13,195	\$85,291
Cloverdale	\$65,686,000	8,630	\$7,611	\$63,917

Sources: Author's Calculations, CA Board of Equalization, CA Dept of Finance, Census Bureau

# Challenges



- Housing: parking versus density
- Commuting: some folks are simply going to commute
- Support for businesses: Cannot forget these employers serve local residents directly and indirectly
- Competition: for overnight stays, taxable sales
  - To continue and traffic and density south do not help
- Macroeconomic issues: how will this cycle end?
  - Has Healdsburg become more bullet proof?

Bottom line: Context and Forecast good going forward

**Thanks!**  
**Questions?**  
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