

**SONOMA COUNTY**  
• CALIFORNIA •  
**LIFE OPENS UP**  
**SONOMA COUNTY TOURISM**  
**FISCAL YEAR 2022-2023 ANNUAL REPORT**

TO BE FILED WITH THE OFFICE OF THE CLERK OF SONOMA COUNTY  
PURSUANT TO STREETS AND HIGHWAYS CODE SECTION 36533  
**SUBMITTED: APRIL 15, 2022**

**I.**  
**BACKGROUND**

**A. Sonoma County Tourism Business Improvement Area**

On November 2, 2004, the Sonoma County Board of Supervisors ("Board") adopted Ordinance No. 5525 ("Ordinance") creating the Sonoma County Tourism Business Improvement Area ("SCTB BIA"). Under the Ordinance, lodging establishments generating annual room revenue of \$350,000 or more during the preceding fiscal year must pay an assessment equal to 2% of such revenue. Proceeds from assessments are used to pay for activities designed to increase the number of overnight visitors to the area.

In January 2005, the Board appointed five members to the Sonoma County Tourism Business Improvement Area Advisory Board ("Advisory Board"), a body established pursuant to the Parking and Business Improvement Area Law of 1989 (Streets & Highways Code section 36500 et seq., the "Act") which is charged with advising the Board on the amount of the SCTBBIA assessments and on the services, programs and activities to be funded by the assessments. In 2011, the Board amended the Ordinance, appointing the board of directors of Sonoma County Tourism Bureau, Inc. ("SCTBB") to serve as the Advisory Board for the SCTBBIA. This decision was based on recommendations of a 2010 County audit of the organization.

**B. Sonoma County Tourism Bureau, Inc.**

The Ordinance authorized the County to enter into an agreement with a contractor to carry out the services, activities, and programs to be funded from the assessments, and designated SCTB to serve as the initial contractor. In June of 2005, the Board executed an agreement with SCTB to carry out services, activities and programs promoting tourism to Sonoma County, with funding from both SCTB BIA assessments and from transient occupant tax (TOT) revenue allocated to SCTB by the Board. As noted above, in 2011, the SCTB Board of Directors also was appointed to serve as the Advisory Board. The Ordinance requires a 22-member Board of Directors for SCTB, the composition of which must comply with a matrix that provides representation from each supervisorial district, and from each size category of lodging establishment. Appointments to the SCTB board are made on a pro rata basis in accordance with the respective contributions made to the SCTBB budget by SCTB BIA assessments and by County TOT allocations. The Sonoma lodging industry appoints the number of directors resulting from SCTB BIA assessments, and the Board appoints the number of directors resulting from TOT allocations.

**C. Boundaries**

The SCTB BIA was the first county-wide tourism Business Improvement Area formed in California. For assessments to be collected from lodging establishments within the incorporated cities in the County, the councils of each City had to consent to formation of the SCTB BIA. Consent was given by the Cities of Santa Rosa, Petaluma, Rohnert Park, Sebastopol, Cloverdale and Cotati, and the Town of Windsor. Accordingly, the boundaries of the SCTB BIA include the territory within the boundaries of those seven cities plus all of the unincorporated territory within the County. These boundaries have remained unchanged since the SCTB BIA was formed, and SCTB does not recommend any changes to the boundaries in the upcoming year.

#### **D. Assessment**

Lodging establishments within the boundaries of the SCTB BIA generating annual room revenue of \$350,000 or more during the preceding fiscal year must pay an assessment equal to 2% of such revenue. Lodging establishments in the unincorporated territory of the County forward the assessment to the County tax collector. Lodging establishments in the municipalities that consented to formation of the SCTB BIA allocate the assessments to the collecting entities within their respective municipalities. Those collecting entities, in turn, remit the collected assessments to the County in accordance with written agreements between the County and each municipality.

#### **E. Purpose and Specific Benefit**

The Ordinance requires that revenues from assessments must be used to conduct marketing activities designed to increase overnight visits to the area. The term “area” is defined as the territory within the boundaries of the SCTB BIA, and the term “marketing activities” is defined as activities designed to market the area as a tourist destination, including the expenditure of funds to place advertising in any media, conduct public relations campaigns, perform marketing research, promote conventions and trade shows, and foster improved contacts within the travel industry, for the purpose of promoting tourism within the area. Revenues from assessments may be used for programs, services, and activities outside the area, if such programs, services, and activities are designed to promote and encourage overnight visits to the area. Revenues from assessments may also be used to pay the ongoing administrative costs associated with the marketing activities.

The focus on increasing overnight visits to the area constitutes a specific benefit to the lodging establishments that pay the assessments. This specific benefit is what distinguishes the assessments from taxes that are subject to voter approval requirements. The fact that others may receive incidental benefits from the expenditure of assessments, such as restaurants, attractions, wineries, retailers and parks, does not change the characterization of assessments as a specific benefit to lodging establishments because no additional cost is imposed on the lodging establishments to provide those incidental benefits. During 2021, with the continued impact of the COVID-19 global pandemic, SCTB shifted some of its focus to providing consumer insights and industry monitoring to help keep the tourism industry aware of the constantly shifting environment.

#### **F. Annual Report**

Pursuant to Ordinance, and in accordance with section 36533 of the Act, the SCTB must present an Annual Report to the Board for its approval that includes a program of activities intended to be implemented within the SCTB BIA during the upcoming fiscal year, together with an estimate of related expenditures (**Section II a,b**). The SCTB must also include in the Annual Report an outline of the previous year’s revenues and how those revenues were spent. (**Section III**) The SCTB obtains annual audits from independent auditors each year (**Section III**). The most recent annual audit is submitted as part of this Annual Report, providing a detailed analysis of the sources and uses of funds. Looking forward, the annual budget for the upcoming year submitted herewith describes the anticipated revenues and expenditures (**Section II**). The balance of this Annual Report will provide additional information concerning programs and activities completed in the prior year (**Section IV a,b**), as well as those planned for the upcoming year (**Section II**). The Board’s consideration and requested approval of this Annual Report is the act which constitutes the levy of the assessment for the upcoming year.

**Section II (a)**  
**ANTICIPATED USE OF REVENUE FOR FY22-23**

**A. Fiscal Year 2022-2023 BIA Revenue**

For fiscal year 2022-2023, SCT projects BIA revenue of \$6,160,496. This represents growth of 3.8% over the projected year-end BIA collection of \$5,937,324 in FY21-22. In FY21-22, SCT projected a faster than industry standard destination recovery and was accurate in its forecast. Revenue into the County for both Transient Occupancy Tax and the BIA program far exceeded expectations.

**B. Fiscal Year 2022-2023 TOT Revenue**

For fiscal year 2022-2023, SCT projects the TOT revenue allocated to the organization will be approximately \$3,052,022, a 3.3% increase over the projected FY21-22 total of \$2,955,351. TOT collection far exceeded anticipated growth due to higher-than-expected revenue within the vacation rental sector.

**C. Recommendation**

SCTB, in its capacity as the Advisory Board, recommends that the Board confirm this Annual Report and continue to levy the SCTB BIA annual assessment for Fiscal Year 2022-2023 pursuant to the Parking and Business Improvement Area Law of 1989 (California Streets and Highways Code section 36500 et seq.), subject to the following findings and recommendations:

- 1) That the boundaries of the SCTB BIA should remain the same, with the recognition that the properties within the cities of Santa Rosa, Petaluma, Rohnert Park, Sebastopol, Cloverdale and Cotati, and the Town of Windsor, continue to participate in the SCTB BIA with support from each of the cities;
- 2) that SCTB continue to serve as the Advisory Board for the SCTB BIA;
- 3) that the method and basis of levying the assessment remain unchanged, and in accordance with the terms of the Ordinance in fiscal year 2022 – 2023 (July 1, 2022 – June 30, 2023);
- 4) that the revenues generated by the assessment be used in accordance with the requirements of the Ordinance to conduct marketing activities designed to increase the number of overnight visits to the County; and
- 5) that SCTB retained the services of an independent certified public accounting firm, Pisenti & Brinker and to audit the SCTB financial statements for the 2020-21 fiscal year (July 1, 2020 to June 30, 2021). Their findings continue to show a “clean” report - no material weaknesses or significant audit findings were found in relation to SCTB’s books and records. This report is included with this document. SCT will continue to conduct annual audits with County-approved firms.

**D. Activities, Marketing, Advertising, and Public Relations Program Expenditures**

The programs listed herein are fundamental to the success of a destination organization. As tourism marketing evolves, so too does the types of programming and channels required to disseminate the messages. Below is an outline of the current categories of work for the FY22-23 year, the programs contained therein and the associated budget.

### **1. Paid Advertising**

As Sonoma County emerges into recovery, paid advertising will be done mostly on digital platforms within key travel endemic sites as well as our owned social media channels. Paid media during FY22-23 will be conducted in key direct flight markets including: Los Angeles, Dallas, Phoenix, Portland, Seattle, Phoenix. For FY22-23, SCT will recommit to a paid marketing cycle of full intent marketing November – April and Responsible Travel messaging May – October. The campaign will also have an “always on” social, search and content marketing initiative that will help ensure Sonoma County is top of mind throughout the year.

SCT has, for the first time in three years, placed Global Marketing Campaigns back into the Paid Advertising category. For FY22-23, SCT will be working in the United Kingdom, Germany and Australia. These markets are selected due to the direct benefit to BIA collectors. Travelers from these markets will need an overnight stay.

#### FY22-23 Budget:

Paid Media: \$1,998,000

Global Media Campaign: \$150,000

### **2. Marketing Materials (Print & Digital) and Distribution**

For FY22-23, the lion share of consumer marketing materials continue to transition to the digital space. The only large-scale printed piece is the map, which has been reprinted each year. The semi-annual digital visitors guide has proven to be very successful with both general consumer engagement and conversion to drive business to partner businesses. SCT will continue to create niche publications that address important industry sectors such as weddings, business meetings. The guides will be distributed through customized outreach to planners in each of the group, including consumers, travel trade and meeting/event planners.

During FY22-23, SCT will work with its contractor, Miles Media, to reimagine the SonomaCounty.com website. SCT also will continue to elevate the new Sonoma County app it launched in FY21-22 adding exciting new value for users. The website is the destination’s leading information source and includes a Places to Stay navigation tab as well as a wide variety of experiences designed to showcase BIA participants and reasons for travelers to stay longer in the destination.

This section also includes the critical Content program. This is the social media postings and information conveyed via the website that offers visitors insights into events, new openings, and other reasons to visit.

#### FY22-23 Budget:

Website development: \$333, 000

Media tools: \$43,016

Email campaigns: \$35,000

Photography & Video: \$330,150

Content: \$176,400

### **3. Trade Shows and Sales Missions**

During FY22-23 SCT will reenter the trade show and sales missions environment. On both the domestic and international levels, SCT will promote the destination to critical planners at each show. During FY22-

23, SCT will attend 14 trade shows in the US and Europe. As important as trade shows, meeting with planners through personal engagement will be key to success. During FY22-23, SCT is planning at least quarterly client events, with a large multi-channel event planned for the Spring – location is yet-to-be-determined. These events target key meeting planner and travel trade professionals as well as local media contacts. During FY22-23, SCT will take the opportunity to elevate relationships one step further through increased in-person visits to meeting planners, and introduce SCT to planner teams, travel trade agencies and other significant influencers.

FY22-23 Budget:

Trade Show – Travel (both domestic and international travel): \$91,000

Trade Show – Shipping: \$16,600

Trade Show – On-site Expenses: \$193,905

**4. Sales and Marketing Promotions**

With much of this industry segment shuttered during the pandemic, SCT is launching a renewed effort with robust outreach to meeting planners and the domestic and international travel trade. The budget for these programs can be found within several categories, so the focus here will be on programming and associated budget for direct outreach to clients and use of international representative contractors to reach travel trade in three international markets.

FY22-23 Budget

Client Events: \$224,000

Meals and Entertainment: \$14,900

Site Tours: \$92,600

Promotional Items: \$38,650

Group Business Development Incentive: \$78,000

International Representation: \$250,800

**5. Destination Development**

During FY21-22, SCT launched its master planning initiative with the Coraggio Group. This effort will continue in full during FY22-23. The process includes three phases: Get Clear, Get Focused, Get Moving. This is a nine-month process that we anticipate concluding in FY22-23 with recommendations for SCT and the County to consider to move the destination forward. SCT's Accredited Hospitality Professional (AHP) program is included in this area. This program helps elevate the professionalism of employees in the tourism and hospitality area:

With an organizational commitment to sustainability and responsible travel, SCT includes the work done on behalf of this initiative in this category. In FY22-23, SCT will produce a sustainability focused video and continue its partnerships with Leave No Trace and Kind Traveler.

Not included in any of the stated categories, SCT will bring back funding to sponsor local events and other business development opportunities that raise awareness of Sonoma County within key travel planners. These events help drive visitation and certainly increase “heads in beds” helping drive a benefit for BIA participants. Use of this portion of the budget is highly dependent on the event organizers to notify SCT of the opportunity and provide a proposal showing a solid ROI and capacity of the event to drive overnight

visitors. This helps develop the destination, so the budgets for these sponsorships are included in this category.

FY22-23 Budget:

Destination Master Plan: \$30,000

AHP Program: \$17,7523

Sustainability Programming: \$62,600

Community Event Partnerships: 73,500

Marketing Partnerships: \$47,500

Industry Sponsorships: \$191,000

To note: SCT also proposed in its FY22-23 SCT Board-approved budget, adding funding for county-wide visitor centers, taking on the program currently administered by the Economic Development Board. Funding for this program, estimated for FY22-23 at \$400,000 must come from TOT taxes rather than the BIA program.

**6. Research**

To maintain competitiveness and gauge effectiveness of programs, the SCTB conducts ongoing proprietary research as well as purchasing customized reports from tourism industry organizations. During FY22-23, SCTB will continued its contract with Longwoods International for general visitation research and marketing campaign effectiveness.

During FY21-22 SCT contracted with Tourism Economics to provide a dashboard giving insight into the entire tourism ecosystem. SCT will continue that program in FY22-23.

FY22-23 Budget:

Research Studies as noted above: \$164,990

**7. Public Relations**

With a Public Relations-driven marketing campaign, SCT leads its brand awareness and messaging initiatives with public relations. Stories generated in media outlets provide a tremendous opportunity to educate viewers/readers/listeners in a significant and meaningful way. Public relations also can create interest in partner offerings that cannot always be included in a paid campaign Paid advertising then serves a supporting role in connecting people back to the brand.

For FY22-23, SCT will amplify its public relations efforts through the addition of a PR Manager to assist with the travel trade and business outreach as well as instigate a new Sonoma County “Neighborhoods” program that will help to elevate how each municipality and the unincorporated areas of the County are portrayed on the website and within various digital channels. SCT also will reenter the international PR environment with representation in three to four key global regions. Public Relations will be an important component to reintroducing travelers from these markets to Sonoma County. While components of the budget for this initiative are found in several other budget categories, two will be noted here.

FY22-23 Budget

Press Tours: \$124,500

Contract Services (shared with Marketing – agency of record for integrated marketing/public relations services: \$328,250

## **8. Sales and Marketing Tools**

Funds for sales and marketing tools are used to subscribe to programs that produce sales leads, provide a client training platform as well as to maintain the database systems that track clients, partners and leads and provide a platform for connecting with potential visitors. SCT uses the robust Simpleview database to track all programs included those listed above as well as community engagement outreach.

### FY22-23 Budget:

Database: \$49,900

Sales Tools & Systems: \$46,858

## **9. Labor**

Labor expenses for marketing and communications, group meeting sales and partner development activities will be funded by BIA Assessments. Labor costs for administrative personnel will be funded by TOT revenues. During FY 21-22 SCT provided a standard three percent cost of living increase to its employees. Due to the rate of inflation, SCT has budgeted for a five percent Cost Of Living Adjustment (COLA) for its employees in FY22-23. SCT did reinstate several of the staff positions eliminated during the pandemic.

### FY22-23 Budget:

Wages: \$2,659,305

Payroll Taxes: \$215,418

Employee Benefits: \$160,842

401 (k): \$98,476

Workers Compensation: \$14,909

Car Allowance: \$81,600

Recruitment Expenses: \$,7,788

## **10. Administrative Expenses**

Administrative expenses will be funded by TOT revenues. Given both a reduction in the number of employees and overall revenue coming into the organization, SCTB is committed to taking an efficient approach to all expenses. The category encompasses several sub-categories. This description will provide detail into each:

Technology: This includes the contract with SCT's external IT vendor, licenses for the various platforms needed to conduct business, internet access fees and telephone bills,

Office Supplies and Equipment: This includes repairs and maintenance of office equipment, equipment and small tools – smaller office equipment not included under capital expense, office supplies and the mailing and delivery services.

**Fees & Licenses:** This area covers the majority of the services used by SCT to manage its business. Under this category are bank fees, insurance, professional fees including legal and HR contractor services, and other taxes and licenses.

**Facilities Expense:** During FY21-22 SCT was able to continue with a reduction in the office rent and its consolidation of space with the Sonoma County Vintners. These two factors provided significant cost savings. We do estimate an increase in these costs for the year, however, during the summer months (SCT's current office space agreement expires in Dec. 2022), the organization will determine if it will remain in its current office space, or seek other options.

**FY22-23 Budget:**

Technology: \$138,512  
Office Supplies and Equipment: \$79,665  
Fees & Licenses: \$228,770  
Facilities Expense: \$225,177

**11. Capital Expenditures**

Capital Expenditures are not shown on the organization's general budget, but appear on the balance sheet. SCT estimates it will spend \$10,000 on capital expenditures including computer replacement equipment.

FY22-23 Budget: \$10,000

**12. Reserves**

The SCTB works to have a 3-month (90-day) reserve level to provide funds for significant future cash demands arising from both planned and unplanned events or circumstances. This number has fluctuated during the past two years as revenues have been uncertain. The FY21-22 end of year reserves amount is \$2.5 million. This is due to unexpected higher than forecasted revenues from both BIA and TOT funding streams. The organization aims to have a reserve level of approximately \$1.5 million during FY22-23. This represents a 90-day reserve level. To note, during 2018, the SCTB reduced its reserve target from a 6-month level to a 90-day level.

**FY22-23 Budget:**

Reserves: \$1.5 million

The full budget breakdown including the programs included in the above categories and additional programming follows in Section III. It must be noted, that the numbers included here are a forecast. With Sonoma County's track record of crises, all budgets are estimates and must be carefully monitored to ensure financial and programmatic solvency should a crisis arise.



**Section II (b)**  
**FY22-23 BUDGET**  
**Sources & Uses of Funds - FORECAST**  
**July 1, 2022 - June 30, 2023**

**Revenues**

BIA Assessments	\$ 6,160,496
Transient Occupancy Tax	3,052,023
Interest and Other Income	80,728
Total Revenues	<u>\$ 9,293,247</u>

**Expenditures**

Advertising	\$ 2,148,000
Client Events Fams & Entertainment	524,170
Tradeshows & Sales Missions	301,505
Digital Engagement	917,666
Research, Tools and Memberships	303,417
Contract Services	647,800
Professional Development	264,950
Destination and Industry Programming	900,352
Labor	3,238,340
Administrative Expenses	672,125

Total Uses	<u>\$ 9,918,326</u>
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TOTAL REVENUES LESS USES	<u>\$ (625,079)</u>
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**Reserve Usage Capital Items**

Depreciation	\$ 18,600
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TOTAL SOURCES LESS USES	<u>\$ (643,679)</u>
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### Expense Details FY 2022-2023

<b>Advertising</b>	<b>Budget</b>
Domestic	\$1,998,000
International	150,000
<b>Total</b>	<b>\$2,148,000</b>

<b>Client Events Fams and Entertainment</b>	<b>Budget</b>
Client Events and Meals	\$ 224,000
Site and Press Tours	217,100
Promotional Items	38,650
Travel – Mileage and Local	29,520
<b>Total</b>	<b>\$ 524,170</b>

<b>Tradeshows &amp; Sales Missions</b>	<b>Budget</b>
Event Fees & Expenses	\$ 210,505
Travel	91,000
<b>Total</b>	<b>\$301,505</b>

<b>Digital Engagement</b>	<b>Budget</b>
Website	\$ 333,100
Media Tools	43,016
Email Campaigns	35,000
Photography and Video	330,150
Content	176,400
<b>Total</b>	<b>\$ 917,666</b>

**Expense Details FY 2022-2023 (Cont.)**

<b>Research, Tools and Memberships</b>	<b>Budget</b>
Research Studies	164,990
CRM Systems and Sales Tools	76,758
Memberships	61,669
<b>Total</b>	<b>\$ 303,417</b>

<b>Contract Services</b>	<b>Budget</b>
Account Management	\$ 328,250
Outside Representation	250,800
Design	38,000
Printing	30,750
<b>Total</b>	<b>\$ 647,800</b>

<b>Professional Development</b>	<b>Budget</b>
Industry Education	\$ 35,000
Board & Community Development	44,700
Professional Development	131,200
Meetings and Retreats	54,050
<b>Total</b>	<b>\$ 264,950</b>

<b>Destination &amp; Industry Programming</b>	<b>Budget</b>
Sustainability & Destination Programming	\$492,600
AHP Program	17,752
Community Event Sponsorship	73,500
Marketing Partnerships	47,500
Industry Sponsorship	191,000
Group Business Development Incentive	78,000
<b>Total</b>	<b>\$ 900,352</b>

**Expense Details FY 2022-2023 (Cont.)**

<b>Labor</b>	<b>Budget</b>
Wages	2,659,306
Payroll Taxes and Workers Compensation	230,328
Benefits and 401K	340,919
Temporary Staffing	0
Recruiting	7,788
<b>Total</b>	<b>3,238,340</b>

<b>Administrative Expenses</b>	<b>Budget</b>
Technology	138,512
Office Supplies & Equipment	79,666
Fees and Licenses	228,770
Facilities Expense	225,177
Depreciation	18,600
<b>Total</b>	<b>\$ 690,725</b>

<b>FY22-23 Program Area Percentage of Overall Budget</b>	
Marketing/Public Relations	\$3,493,857 – 35.23%
Research	\$164,990 – 1.66%
Group Business Development	\$1,408,733 – 14.20%
Community Engagement	\$658,861 – 6.64%
Personnel/Professional Development	\$3,369,540 – 33.97%
Administration (other than labor)	\$822,345 – 8.29%
<b>TOTAL</b>	<b>\$9,918,326</b>

### **Section III.**

#### **PROGRAMMING RESULTS REPORT/FINANCIAL AUDIT – FY20-21**

##### **FY20-21 – Programming Results Report/Financial Audit**

The programs and results conveyed below are those that align with the audit conducted by Piscenti & Brinker. This is the most recent full year for both financial settlement and program results.

For the full audit, please see the accompanying audit report.

As part of its biennial strategic plan, SCT determines both overarching and programmatic KPIs. These overarching KPIs are aspirational by design and constructed to be achieved throughout a two-year cycle. As Sonoma County, and the world, emerge from the tremendous impacts of the COVID-19 pandemic, SCT continues to measure its success in a slightly different paradigm than it did pre-pandemic. SCT continues to create and administer programs to drive business to the County and most especially to the BIA properties, but also takes its obligation to inform and support the industry very seriously. Expanded programming around these initiatives was included in the revised FY20-21 and FY21-22 strategic plans. Due to the timing of this report, the last full year for which results have been measured, this annual report will cover FY20-21.

The full annual report may be accessed at: [SCT AR FY20-21.pdf \(sonomacounty.com\)](#).

Due to the protracted impacts of the pandemic, SCT revised its strategic plan in October 2020 to reflect a very different environment than was occurring in 2019 – the start of the biennial planning cycle. Retaining its commitment that all strategic plans are dynamic, SCT and its board and committees identified ways to pivot the organization and best meet the needs of the BIA program participants and all Sonoma County tourism industry partners. The following report represents results from the revised plan.

Noting the challenges of recovery from the 2019 Kincadee wildfire and impacts of COVID-19, organizational priorities shifted to recognize the need for the organization to monitor and inform. While the focus on driving business remained, additional responsibilities to help bolster the industry were added.

##### ***FY20-21 Revised Organizational Priorities***

###### **Maximize Value of Life Opens Up Brand**

As travel is allowed, the world will be looking forward to opening their lives. No other brand will be as compelling. Coupled with Sonoma County's location on the coast, stunning wide open spaces, proximity to major metropolitan locations and compelling culinary and beverage offerings, the value of "Life Opens Up" has never been more important.

###### **Tenaciously Monitor Budget and Programming**

FY20-21 will be a challenging year from a budget perspective. SCT will need to closely monitor the overall budget and ongoing cashflow. Program teams will then adjust programming to ensure a flexible and responsible approach to budget and program management.

###### **Drive Mission Critical Revenue**

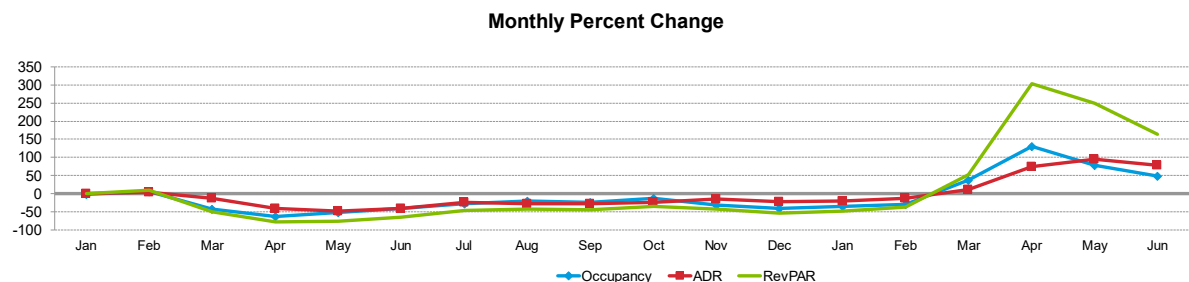
In the COVID-19 environment, and being funded solely by lodging performance allocations, SCT's budget will be severely impacted – at least in the short run. The organization will work to both solidify and diversify its funding streams. At this point, additional funding is not seen as incremental, but fundamental. Through

initiating a Revenue Generation Committee, key opportunities will be identified and initiatives executed to help bring the budget back to pre-COVI-19 levels.

### Key Performance Indicators – Organizational Performance

With these priorities as the bedrock, the Key Performance Indicators (KPIs) were crafted to help meet a high standard of performance and continue to encourage responsible travel – critically important with the behaviors present in travelers during COVID and as a long-term strategic for the destination:

1. Successfully enact a financial model that provides an additional ongoing funding source for SCT.  
*Work began on this initiative, however the financial model has not yet been defined or enacted.*
2. Show steady growth within the key performance metrics including the STR report metrics for Occupancy, ADR and RevPAR.  
*Growth was sporadic with the last months of the fiscal year seeing a sharp increase in performance, even against a pre-pandemic benchmark. The health mandates made “steady” growth impossible. SCT and its [partners did maximize opportunities when they were presented. Performance also was hindered by a challenging workforce situation where many businesses needed to scale back operations to match a reduced workforce. The STR report ending June 30, 2021, shows the tale of the tape:*



3. Social and web engagement and inquiries from key advertised markets show month-over-month growth during advertising flights and seasonal campaigns.  
*During the key annual campaign period of spring/summer (March – June 2021), ST’s advertising campaign achieved steady month-over-month growth in website traffic, engagement and inquiries (guide orders, digital guide views, print map orders, Enews subscriptions) from advertised markets (San Francisco Bay Area, Los Angeles, secondary California markets, and out-of-state flight markets including Seattle, Portland, Dallas and Phoenix). Paid social media was strategically deployed to launch the new digital inspiration guide in April and to drive traffic and inquiries throughout the year.*

*Campaign effectiveness was measured for the spring/summer campaign. The results were astounding.*

- *The campaign produced 1.5 million incremental trips to Sonoma County that otherwise would not have materialized in the absence of advertising, the vast majority of incremental trips were taken by California residents.*
- *Those incremental Sonoma County visitors spent \$163.7 million while in Sonoma County. When related to advertising costs of \$0.8 million, this translates into a return on investment of \$203 in visitor spending for each ad dollar spent.*

- *Those incremental expenditures yielded \$16.6 million in state and county taxes. The return on investment is \$21 in taxes for each ad dollar spent.*

*The fall season campaign of 2020 showed a different growth pattern due to typical seasonal travel planning behavior prioritizing growth in the early part of the campaign. The course of the pandemic exhibited a worsening trajectory in late fall and through the winter, which dampened month-over-month advertising growth. Looking at the year-over-year comparison, the website overall generated more than 2.6 million sessions/visits in FY20-21 representing an increase of 17% year-over-year. Display/programmatic advertising traffic to the website grew to 215% year-over-year with a 276% year-over-year growth in conversions/engagements. Organic social media generated an increase of 11% in traffic to the website and an increase of 36% in conversions. The campaign was greatly enhanced by the lack of a major fire that impacted either the physical area or the air quality. This provides SCT much needed forward momentum.*

4. Create and market group business incentive program, enhance partner insights, manage lead generation to meet market needs.

*As the pandemic continued to put the breaks on leads, the Business Development team shifted its focus to creating information and materials that will be essential tools for planners considering Sonoma County once recovery begins. The team also provided monthly reports and market segment insights to help partners make informed decisions. These were provided to partners via SCT's Performance and Insights newsletter, specialty newsletters to county-wide lodging properties and during virtual Business Development Committee meetings. As lead volume returned in the spring of 2021, it did so a pre-pandemic volume. This rate continued until the Delta variant once again stalled meeting planning at the close of the fiscal year.*

5. Provide ongoing insights and business building/cooperative opportunities to partner businesses through Performance and Insights newsletters and Partner-specific communications.  
*Partners received frequent information through these focused newsletters. Information of an immediate nature was distributed through Partner Alerts. These occurred during the fires crises as well as when health mandates changed.*

6. Continue to engage, listen, monitor sentiment, and provide information as needed to local residents. Engage CTAs to convey SCT messages and monitor sentiment.  
*SCT very definitely continued to engage with its key local stakeholders. The SCT Community Engagement team instituted a new Accredited Hospitality Professional (AHP) program designed to provide robust education and community awareness programming elevating the professionalism and selling potential of the area hospitality industry.*

7. Manage Safe Travels Promise – identify program integration and uses, success stories and timeframe.  
*SCT worked with a variety of community partners to continue to convey and post messages around the Safe Travels Promise. This was amplified by the partnership with the Sonoma County Regional Parks and Leave No Trace for a comprehensive responsible travel program.*

**Section IV (a).**  
**FY21-22 – (Current) Year-to-Date Programming Results and Financials**

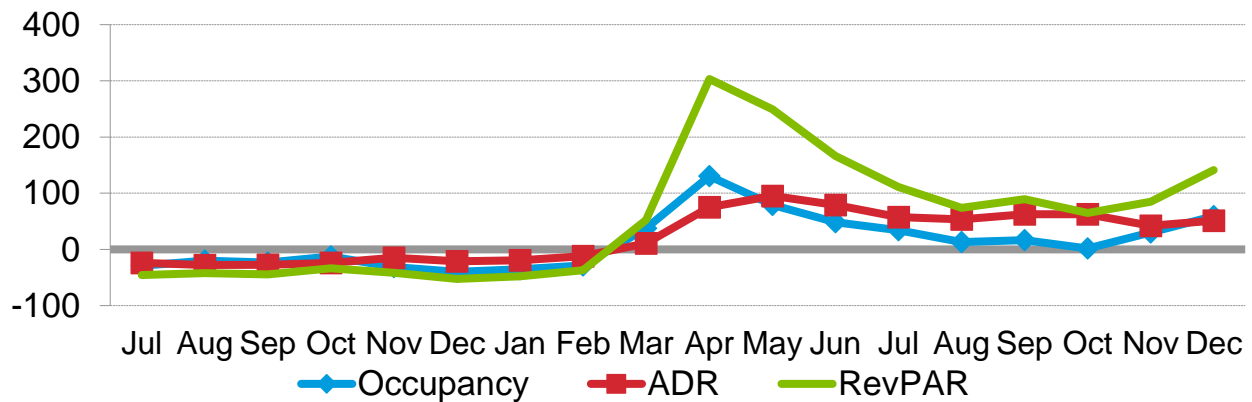
To note: As of this writing (April 15, 2022), SCT has programming results for the first six months of the fiscal year (July 1 – December 31, 2021). Results from the second half of the year will be available in the organization's annual report it compiles at years' end and presents at the organization's Annual General Meeting as stated in the SCTB Bylaws: *an annual report will be prepared not later than 120 days after the close of the Corporation's fiscal year.*

FY21-22 is the first of the two-year strategic plan crafted by the organization. This plan is different from years past in that it truly sticks to the strategy and leaves the tactical action plans to each department.

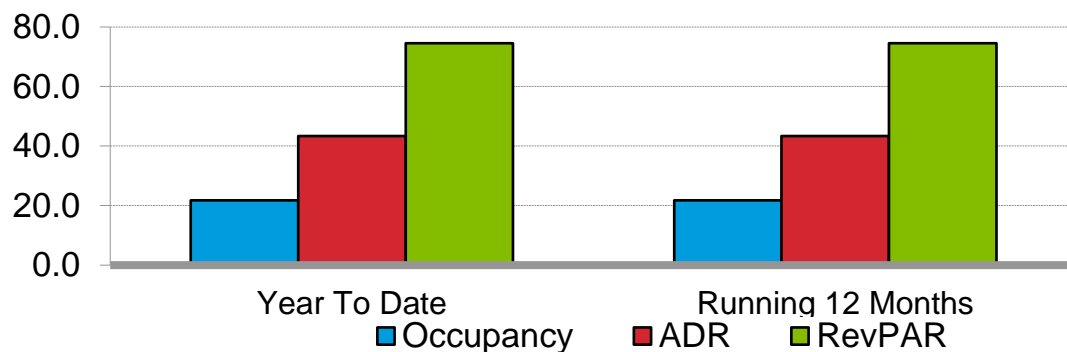
The full FY21-23 Strategic Plan may be accessed at: [SCT-Strategic-Plan-FY21-23.pdf \(sonomacounty.com\)](https://sonomacounty.com/SCT-Strategic-Plan-FY21-23.pdf)

Overall Industry Performance. SCT is charged with driving overnight visitation and one key benchmark of this is the Smith Travel Research (STR) report. This report shows a dramatic uptick in overnight stays during the summer season, a leveling off, but still ahead of year-over-year performance.

**STR Performance (18 months July 1, 2021 through December 31, 2022)**



**Overall Percent Change**





All programming must ladder up to the organization's three key priorities as outlined in the strategic plan:

1. Business Recovery
2. Destination Stewardship
3. Organizational Sustainability

### **Organizational Strategic Organizational Key Performance Indicators (FY22-23) – Year-to-Date Results**

1. Reenergize Sonoma County's tourism industry through a robust program that drives business, elevates the industry through education and creates destination champions.

#### Paid/Earned/Owned Media Campaign

In the first half of FY21-22, SCT found opportunities to mount a paid advertising campaign, ensuring visitation was allowed and health mandates did not pose obstacles. Through a robust integrated marketing/PR campaign, that focused on wellbeing, the organization promoted Sonoma County to key regional markets with heavy focus on the San Francisco Bay Area and Sacramento. These are travelers who are very familiar with Sonoma County, but are also those most likely to travel by car – the most favored mode of transportation during this time.

#### Topline Spring/Summer Campaign Results:

- Advertising Impressions: 146,423,919
  - Clicks to the Website: 347,321
  - Engagements: 95,162
  - Leads: 44,918
  - Intent to Travel Actions: 16,000
- Web Sessions: 1,576,006
  - Unique Visitors: 1,201,609
  - Pageviews: 2,993,602
  - Campaign Pageviews: 73,589
  - Inspiration Guide views: 19,997
  - E-news sign-ups: 7,566
  - Accommodation listings views: 182,820
  - Partner special offers views: 6,301
- PR Placements: 262
  - PR Reach: 907,657,818 impressions
  - Average Barcelona Principles Score: 6.80/10
- Return-On-Investment (calculated by Longwoods International):
  - The campaign generated 1.5 incremental trips
  - Visitors spent \$163.7 million as a result of the advertising
  - Campaign returned in state and local taxes
    - \$16.6 million in state and county taxes.
    - Return on investment of \$21 in taxes for each ad dollar spent.
  - Overall return on investment 203:1. For every dollar spent on this campaign, \$203 came back to the County. (Previous campaign ROI was \$166:1)



2. Create and manage group (business and leisure) leads ensuring partners realize business at levels that surpass pre-pandemic levels.

The Business Development team was completely reorganized at the beginning of FY 21-22. The team is taking a results-driven approach to selling the destination and promoting its BIA partner properties. During the first six months of the fiscal year, the team got back on the road, working trade shows and creating interest in Sonoma County through one-on-one connections with meeting planners.

#### Trade Shows Attended

Organization	Show	Dates	Location	Planner Contacts
NorthStar	Destination California	Oct 7 - 8	Coronado, CA	19
IMEX	IMEX America	Nov 8 - 11	Las Vegas, NV	142
Connect Meetings	Pacific-Northwest	Nov 15 - 16	Seattle, WA	22
Connect Meetings	Medical & Technology	Nov 29- Dec 1	Washington D.C.	26
Visit California	Meetings Roadshow	Dec 6 - 8	Chicago, IL & Minn., MN	150
Connect Meetings	California & Southwest	Dec 9 - 10	Long Beach, CA	35
<b>TOTAL PLANNER CONTACTS:</b>				<b>394</b>

#### Meeting Planner Focus Group

The team also created an innovative in-market meeting planner focus group. This event brought eleven meeting planners into Sonoma County for a 30day immersions. Many of these planners had never been to the destination. The event concluded with a focus group held with Sonoma County lodging properties at which the planners provided candid remarks about what they liked and what needed improvement.

Based on the first six months of work, the Business Development team has generated:

- 1,608 room nights – influenced by SCT’s involvement
- \$280.83 average daily rate
- \$451,754 contracted room revenue
- \$509.013 – overall revenue generated

3. Continue to communicate a commitment to destination stewardship, positioning Sonoma County as a leader in sustainable travel.

SCT entered into a partnership with The Sonoma County Regional Parks and Leave No Trace in FY20-21. Not only has SCT continued its partnership with Leave No Trace, but has taken this program to a new level.

- Moving into the second phase of its partnership, the following activities took place:
  - Local Stakeholder Listening Sessions
  - Stakeholder Survey
  - Communications Training for SCT and the Regional Parks
  - Hot Spot selection – specialized group of Leave No Trace professional will come to Sonoma County
  - Tri-County Partnership – Sonoma County, Mendocino County, Marin County. Discussions around integrating Leave No Trace principles.
  - A five-year strategic framework for the partnership was crafted.
  - SCT worked with tourism industry conferences to position Sonoma County as a leader in the sustainable tourism space. Upcoming engagements include The Travel Sustainability and Accessibility Conference and the Travel and Tourism Research Association's International Conference.
- In collaboration with the Sonoma County Regional Parks, and the Russian River Confluence, SCT created a Rewards for Rubbish program that integrates the seven principles of Leave No Trace.
- SCT continues its partnership with Kind Traveler and has appeared in regional and international media stories regarding this partnership.



4. Secure a funding model that will help ensure long-term financial stability for the organization.

SCT has been working with its Revenue Generation Committee and meeting with partners stakeholders and influencers throughout the county to identify the pathway toward an increased and stabilized funding source. To date, more than 25 meetings with partners, 10 meetings with elected officials and monthly meetings of the Committee has allowed SCT to hone its request and set process deadlines.

5. Create and initiate a business development model that seeks to find new markets, heightens current partner opportunities and introduces Sonoma County to more diverse communities.

With its new Business Development team, SCT is determining how to approach this program of work. This initiative has not yet been initiated as of April 2022.

6. Complete foundational components (organizational statement, team inclusion action plan, external communications policies) of a DEI program that mandate the organization's commitment to both internal and external diversity, equity and inclusion.

SCT has developed a draft Diversity, Equity and Inclusion organizational statement. This statement is designed to address internal staffing, make-up of its board and committees, messaging to partners and an evolution of external marketing components to better reflect a more diverse and equitable program of work. This work will continue throughout FY21-22.

7. Identify and staff the organizational structure to meet the needs of SCT for the time period covered in the plan.

SCT is pleased to be at a point in the recovery of the tourism industry to being back staffing to a practical level. Not a pre-pandemic level, but a level that will support programming that makes the most sense for the time being. At present, SCT has a full-time staff of 19 professionals. (Pre-pandemic the staff count ranged from 22-25.)

8. Ensure crisis plan is updated, communicated and executed as planned (if needed).

SCT revisited and communicated the crisis model with its internal team in the August 2021. Each team member is assigned a role and the plan was reviewed for accuracy and timeliness.

SCT also worked with the County's Office of Emergency Management to draft and disseminate crisis messaging specifically designed for vacation rental units. The materials were placed into service during the first half of FY21-22.

Looking ahead into the remainder of FY21-22 and into FY22-23, Sonoma County can expect continued strength in its tourism and hospitality sector. Challenges around workforce and housing will continue to stress the industry.

**Section IV (b)**  
**FY21-22 Forecasted Results (July to January actual, February to June forecasted results)**

**Revenues**

BIA Assessments	\$ 5,937,324
Transient Occupancy Tax	2,955,332
Interest and Other Income	516,099
Total Revenues	<u>\$ 9,408,755</u>

**Expenditures**

Advertising	\$ 2,769,272
Client Events Fams & Entertainment	324,833
Tradeshows & Sales Missions	276,451
Digital Engagement	1,499,843
Research, Tools and Memberships	439,272
Contract Services	570,119
Professional Development	222,635
Destination and Industry Programming	676,220
Labor	2,483,931
Administrative Expenses	604,919
Total Uses	<u>\$ 9,867,495</u>
TOTAL REVENUES LESS USES	<u>\$ (458,741)</u>

**Reserve Usage Capital Items**

Depreciation	\$ 19,065
TOTAL SOURCES LESS USES	<u>\$ (477,806)</u>

<b>FY21-22 Program Area Percentage of Overall Budget</b>	
Marketing/Public Relations	\$4,600,512 – 46.6%
Research	\$284,060 – 2.9%
Group Business Development	\$1,119,198 – 11.3%
Community Engagement	\$458,937 – 4.7%
Personnel/Professional Development	\$2,563,004 – 26.07%
Administration (other than labor)	\$841,784 – 8.5%
TOTAL	\$9,867,495