



# The Economic Impact of Tourism in Sonoma Valley, CA

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2017 Analysis

October 2018

Prepared for:

*Sonoma Valley*  
VISITORS BUREAU

 **SONOMA**  
TOURISM IMPROVEMENT DISTRICT



**TOURISM  
ECONOMICS**

AN OXFORD ECONOMICS COMPANY

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# 1. Introduction

# Introduction and definitions

**This study measures the economic impact of tourism in the Sonoma Valley region of California.** The Sonoma Valley consists of several population centers and census designated places (CDP): the City of Sonoma, Glen Ellen, Boyes Hot Springs, Fetters Hot Springs, Agua Caliente, Kenwood, and Glen Ellen, and the areas of Carneros and Bennett Valley.

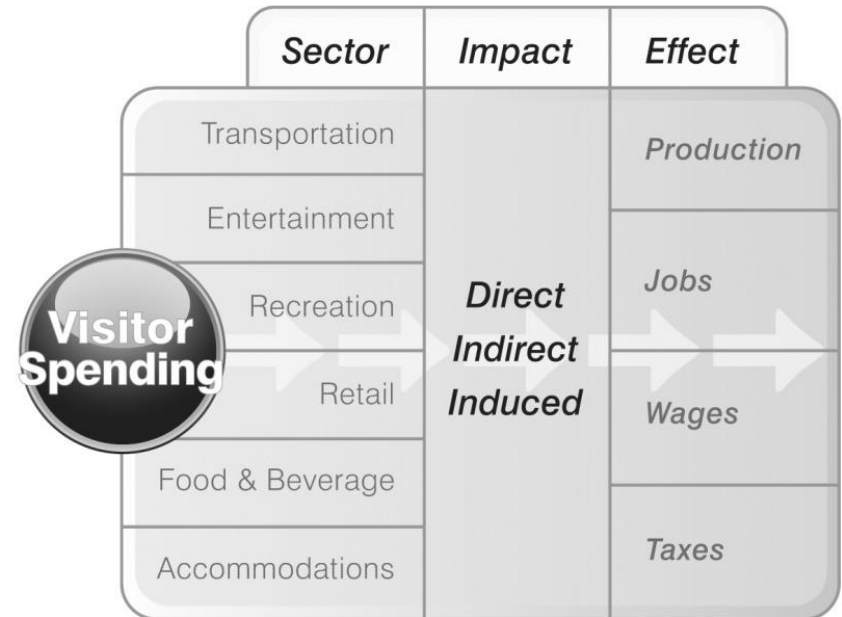
The region has a population of 23,300 residents. Most residents live in the City of Sonoma and Boyes Hot Springs, with these two locations accounting for 74% of Sonoma Valley residents. Sonoma Valley has a total of 60 properties that offer lodging options, including hotels, bed and breakfasts, and camp sites, and additional lodging options in private homes and home shares.

Visitors to the Sonoma Valley include those who stayed in overnight accommodations, or those travelers, including day trippers, whose trip to Sonoma Valley deviated from their normal routine. Impacts were measured in terms of business sales, employment, income, and tax revenues generated.

The total impact of tourism includes direct visitor spending, indirect impacts, and induced impacts. **Direct visitor spending** creates economic value within specific visitor-related sectors such as lodging, recreation, and transportation. This supports a relative proportion of jobs, wages, taxes, and GDP within each sector. **Indirect benefits** accrue to those sectors that provide goods and services as inputs to production, such as food wholesalers, utilities, and financial or legal services. **Induced benefits** are generated when employees whose wages are driven directly or indirectly by tourism, spend a portion of that income in the local regional economy.

# How visitor spending generates employment and income

**Visitor spending flows through the Sonoma Valley regional economy and generates indirect benefits through supply chain and income effects.**



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## 2. Key Findings

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## Sonoma Valley Region 2017 key findings

**Tourism is an integral part of the Sonoma Valley regional economy, and the industry made significant contributions to economic growth in 2017.**

**Visitors to the Sonoma Valley spent \$377 million in 2017, which generated a total of \$490 million in total business sales, including indirect and induced impacts.**

**Tourism in the Sonoma Valley generated just over \$60 million in tax revenues, including nearly \$33 million in state and local revenues.**

**Including direct, indirect, and induced impacts, 3,022 jobs were sustained by visitors to the Sonoma Valley in 2017, with total income of \$132 million.**

**With total jobs in the region estimated at 19,928, 17.4% (1 in 6) of all jobs in the region were sustained by tourism.**

**An estimated 23% of tourism-supported jobs were in the food and beverage sector, 20% were in accommodations, 14% in retail, and 11% were in recreation.**

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## Tourism drives jobs and income growth in the Sonoma Valley



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## City of Sonoma 2017 key findings

**Tourism plays a key role in the local economy of the City of Sonoma as well.**

**Visitors to the City of Sonoma spent \$275 million in 2017, which generated a total of \$367 million in total business sales, including indirect and induced impacts.**

**Tourism in the City of Sonoma generated \$40.4 million in tax revenues, including nearly \$19.0 million in state and local revenues.**

**Including direct, indirect, and induced impacts, 2,386 jobs were sustained by visitors to the City of Sonoma in 2017, with total income of \$87 million.**

**Nearly 17% (1 in 6) of all jobs in the City were sustained by tourism.**

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Tourism plays an important role in the City of Sonoma local economy.



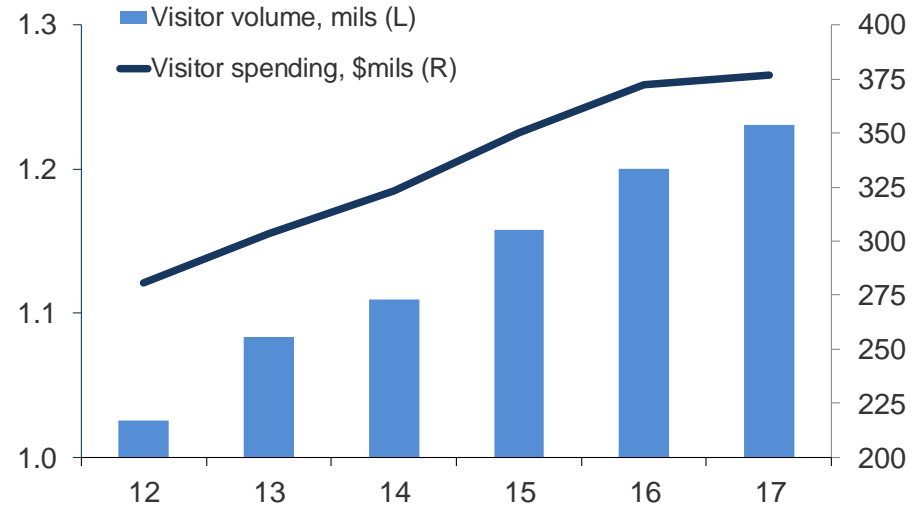
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## 3. 2017 Trends

# 2017 Trends

Sonoma Valley visitation and visitor spending have expanded since 2012.

## Sonoma Valley Visitor Volume and Spending



Sources: Visit California, Destination Analysts, Tourism Economics

Sonoma Valley visitor volume and spending expanded in 2017, driven by employment and income growth in California and the broader region.

An estimated 1.7 million visitors spent \$376.7 million in 2017, increases of 1.2% for both from 2016.

### Sonoma Valley Visitor Volume and Spending

	2012	2013	2014	2015	2016	2017
Day visitor volume	1.025	1.083	1.109	1.158	1.200	1.231
Overnight visitor volume	0.350	0.374	0.403	0.436	0.454	0.442
<b>Total Visitor volume (mils)</b>	<b>1.376</b>	<b>1.457</b>	<b>1.512</b>	<b>1.594</b>	<b>1.654</b>	<b>1.673</b>
<i>% change</i>	6.1	5.9	3.8	5.4	3.7	1.2
Visitor spending (\$mils)	280.8	303.3	323.2	350.0	372.2	376.7
<i>% change</i>	10.0	8.0	6.5	8.3	6.3	1.2



## 2017 Lodging trends

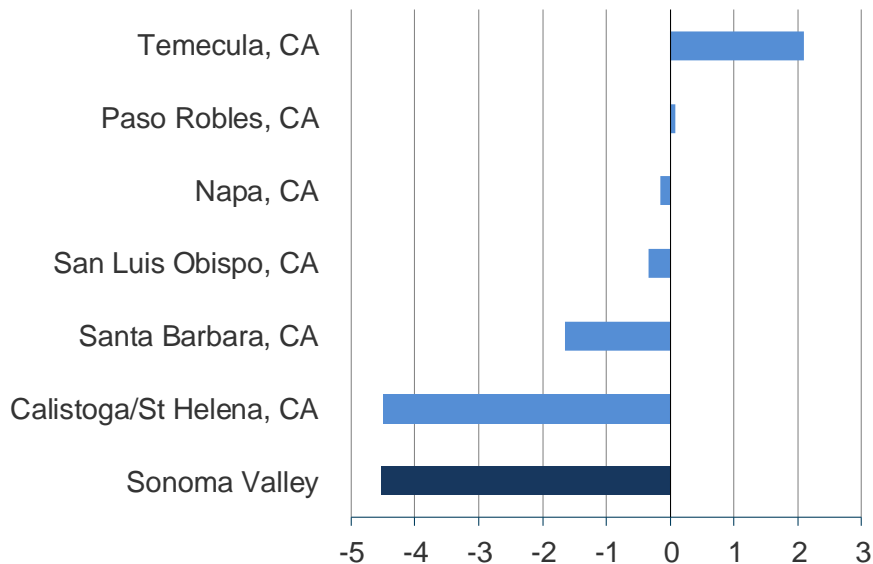
The occupancy rate in the Sonoma Valley region fell by 4.5 percentage points to 73.4% in 2017. The drop was driven by a 5.8% decrease in room demand while room supply remained unchanged.

Occupancy rates and average price growth trailed in 2017, likely due to wild fires in late in the year.

Average room rates usually track occupancy trends closely, rising as the market tightens. With slack in the market increasing (lower occupancy) a relatively weak change in average prices should be expected. Average daily rates increased 0.4% in 2017, a change similar to that of Napa.

### Lower Occupancy Rates...

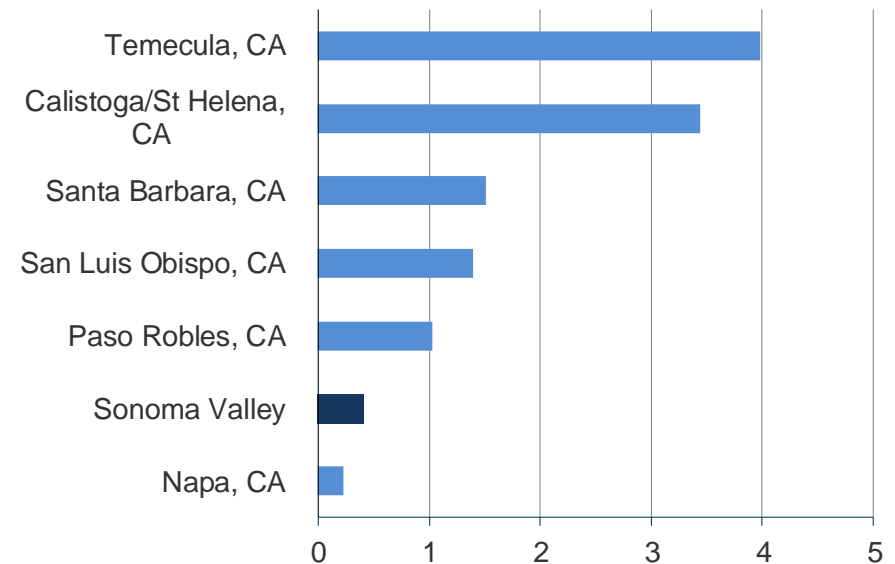
Change in occupancy, percentage points 2016 to 2017



Source: STR

### ...Weigh on Room Rates

Average daily rate % ch from 2016 to 2017



Source: STR

# 2017 Trends

Transient Occupancy Tax collections in the County are outpacing that of the City of Sonoma.

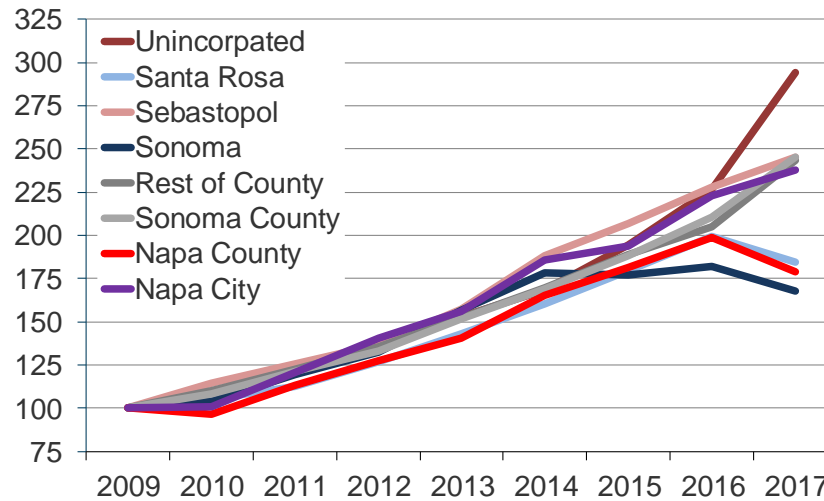
Since 2009, TOT collections in the City of Sonoma tracked closely with other cities in the County.

In 2015, the County began to outpace the cities, driven by growth in unincorporated areas.

Compared with other cities in the County, Sonoma City TOT collections has been relatively flat in the last several years.

## Sonoma County TOT Outpaces the City

TOT collections, indexed 2009 = 100



Sources: Visit California, Sonoma County EDB, Tourism Economics

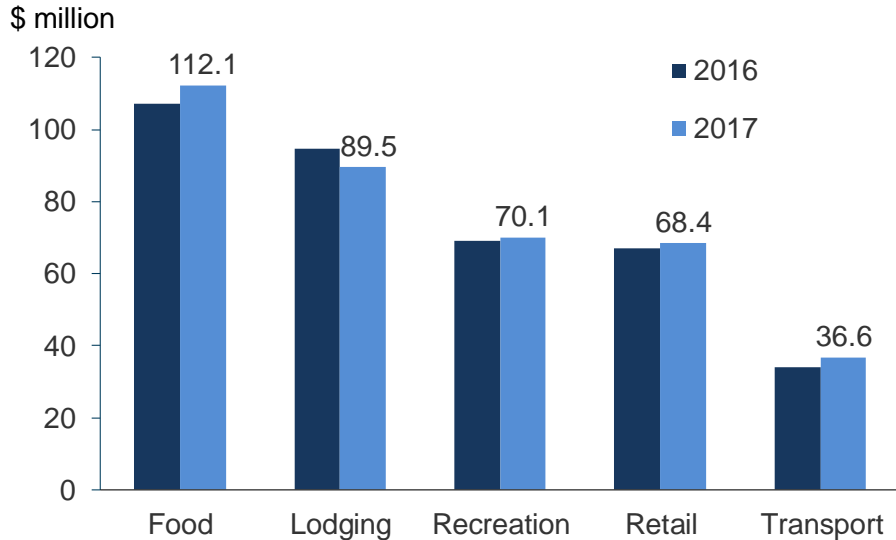
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## 4. Visitors and Spending

# Composition of visitor spending

Weakness in the overnight segment of the market was offset by strong expansion of the day segment and Sonoma Valley visitor spending expanded in 2017. Visitors spent \$112.1 million on food and beverages, \$89.5 million on lodging, \$70.1 million on recreation, \$68.4 million on retail shopping, and \$36.6 million on local transportation. Spending in all categories increased year-over-year except for lodging, which was down 5.4%.

## Sonoma Valley Visitor Spending



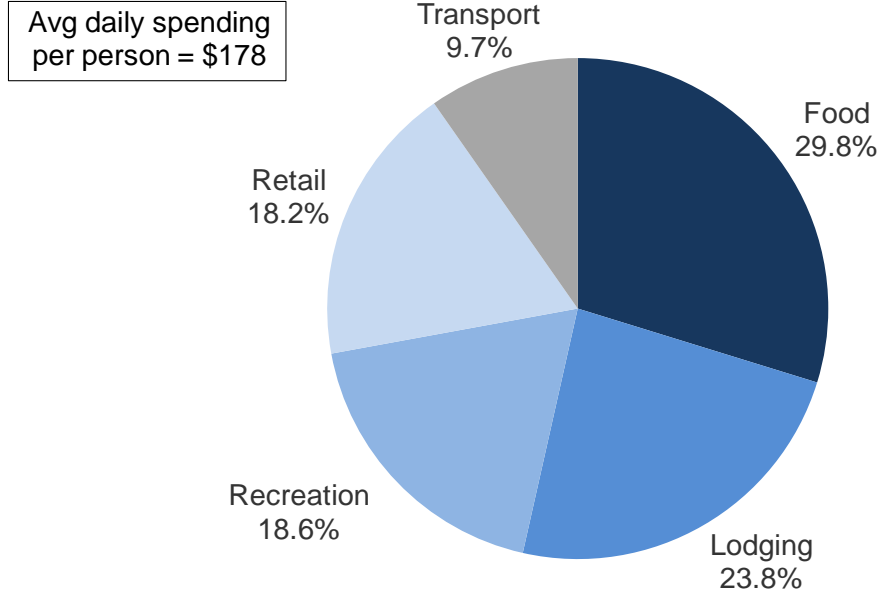
Sources: Visit California, Destination Analysts, Tourism Economics

Visitors to the Sonoma Valley spend primarily on food, lodging, and recreation.

Visitor spending came primarily in food and beverage at 29.8%, followed by lodging at 23.8%, recreation at 18.6%, retail shopping at 18.2%, and local transportation at 9.7%.

Average daily spending per person is estimated at \$178 in 2017.

## Sonoma Valley Visitor Spending Profile



Sources: Visit California, Destination Analysts, Tourism Economics

# Fuel price trends

Fuel prices are leveling off after a four year decline.

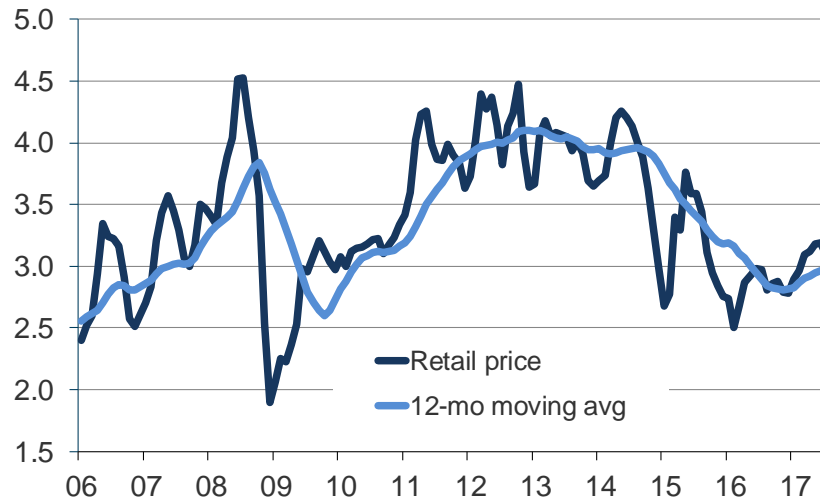
As of early 2018, the price of gasoline in the San Francisco area has stabilized at relatively low levels after a four-year slide. For the year, gas prices were 11.8% higher in 2017 compared to 2016.

Low gas prices are good for travel, boost confidence, and encourage trips and spending that otherwise might not occur, especially for destinations with a significant amount of day visitors.

The Oxford Economics forecast calls for oil prices to remain below \$65 per barrel out to 2020, which implies gas prices in the San Francisco area well below \$3.50 per gallon for an extended period.

## Gas Prices Have Stabilized

San Francisco area gasoline price, all grades, dollars per gallon



Source: Energy Information Administration

## Visitor spending trends

Visitor spending on food and beverages led overall spending growth.

Total visitor spending expanded 1.2% in 2017, a rate of growth slower than a year earlier.

Growth was led by food and beverage spending at 4.5%, followed local transportation spending driven by higher gas prices.

Relatively slower price growth in retail and recreation kept overall changes more moderate in those categories.

<b>Sonoma Valley Visitor Spending By Category</b>							
US\$ Millions							
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2016-17 % ch</b>
Lodging	59.6	66.1	75.2	86.9	94.6	89.5	-5.4%
Food and beverage	75.4	83.7	89.5	98.7	107.3	112.1	4.5%
Retail	55.9	59.7	61.0	63.8	67.1	68.4	1.9%
Recreation	55.3	57.7	60.6	65.6	69.1	70.1	1.3%
Local transportation	34.6	36.0	36.9	35.1	34.1	36.6	7.4%
<b>Total</b>	<b>280.8</b>	<b>303.3</b>	<b>323.2</b>	<b>350.0</b>	<b>372.2</b>	<b>376.7</b>	<b>1.2%</b>
% change	10.0%	8.0%	6.5%	8.3%	6.3%	1.2%	

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## 5. Sonoma Valley Economic Impacts

## Tourism sales

Direct visitor spending amounted to \$376.7 million in 2017.

Direct visitor spending of \$376.7 million generated nearly \$67.3 million in indirect impacts and \$45.6 million in induced impacts.

Adding direct, indirect, and induced impacts together, the total economic impact sums to \$489.6 million in 2017.

<b>Gross Output (Business Sales)</b>				
<b>(US\$ Million)</b>				
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
<b>Agriculture, Fishing, Mining</b>	-	0.4	0.2	0.6
<b>Construction and Utilities</b>	-	2.6	0.8	3.4
<b>Manufacturing</b>	-	2.1	0.8	3.0
<b>Wholesale Trade</b>	-	3.0	2.2	5.2
<b>Air Transport (local)</b>	-	0.2	0.2	0.4
<b>Other Transport</b>	20.5	1.6	0.5	22.7
<b>Retail Trade</b>	78.5	1.3	5.1	84.8
<b>Gasoline Stations</b>	12.2	0.1	0.2	12.5
<b>Communications</b>	-	6.8	2.0	8.8
<b>Finance, Insurance and Real Estate</b>	3.9	20.1	14.9	38.9
<b>Business Services</b>	-	17.2	3.5	20.7
<b>Education and Health Care</b>	-	0.3	7.4	7.7
<b>Recreation and Entertainment</b>	54.9	4.3	1.0	60.3
<b>Lodging</b>	89.5	0.1	0.0	89.6
<b>Food &amp; Beverage</b>	102.0	1.6	3.0	106.7
<b>Personal Services</b>	15.1	2.1	1.6	18.8
<b>Government</b>	-	3.5	2.0	5.5
<b>TOTAL</b>	<b>376.7</b>	<b>67.3</b>	<b>45.6</b>	<b>489.6</b>

\* Direct sales include cost of goods sold for retail and wholesale trade sectors

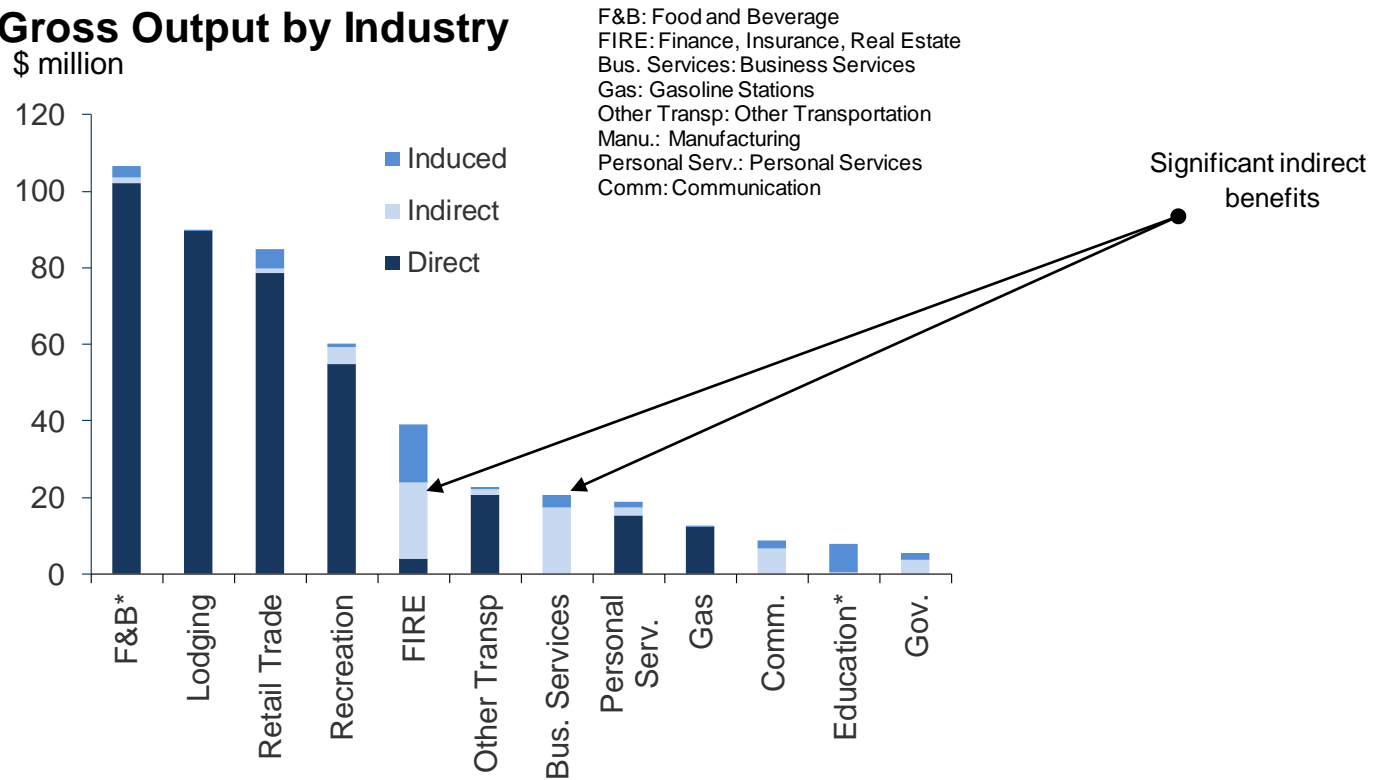


# Tourism sales

Indirect benefits came primarily in finance, real estate, and insurance, and business services.

## Gross Output by Industry

\$ million



## Tourism employment

Direct visitor spending sustained nearly 2,200 jobs in 2017, or 11% of all jobs in the Sonoma Valley region.

Including indirect and induced jobs, a total of 3,022 jobs were sustained by tourism in 2017, accounting for 17.4% of all jobs in the Sonoma Valley region.

Tourism-related jobs cut across industries and include lodging, food and beverage, recreation, wineries, and local transportation.

Tourism-supported employment amounted to just over 3,000 jobs in 2017.

<b>Tourism Employment</b>				
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
<b>Agriculture, Fishing, Mining</b>	-	5.44	2	7
<b>Construction and Utilities</b>	-	14	4	19
<b>Manufacturing</b>	-	8	2	10
<b>Wholesale Trade</b>	-	13	9	22
<b>Air Transport (local)</b>	-	0	0	1
<b>Other Transport</b>	200	13	4	217
<b>Retail Trade</b>	356	14	53	423
<b>Gasoline Stations</b>	11	1	2	14
<b>Communications</b>	-	26	6	32
<b>Finance, Insurance and Real Estate</b>	18	94	36	149
<b>Business Services</b>	-	175	40	215
<b>Education and Health Care</b>	-	7	77	84
<b>Recreation and Entertainment</b>	258	71	14	342
<b>Lodging</b>	611	1	0	613
<b>Food &amp; Beverage</b>	609	31	46	686
<b>Personal Services</b>	110	19	21	150
<b>Government</b>	-	20	19	39
<b>TOTAL</b>	<b>2,173</b>	<b>513</b>	<b>336</b>	<b>3,022</b>

## Tourism employment intensity by industry

Tourism accounts for a significant portion of employment in several industries.

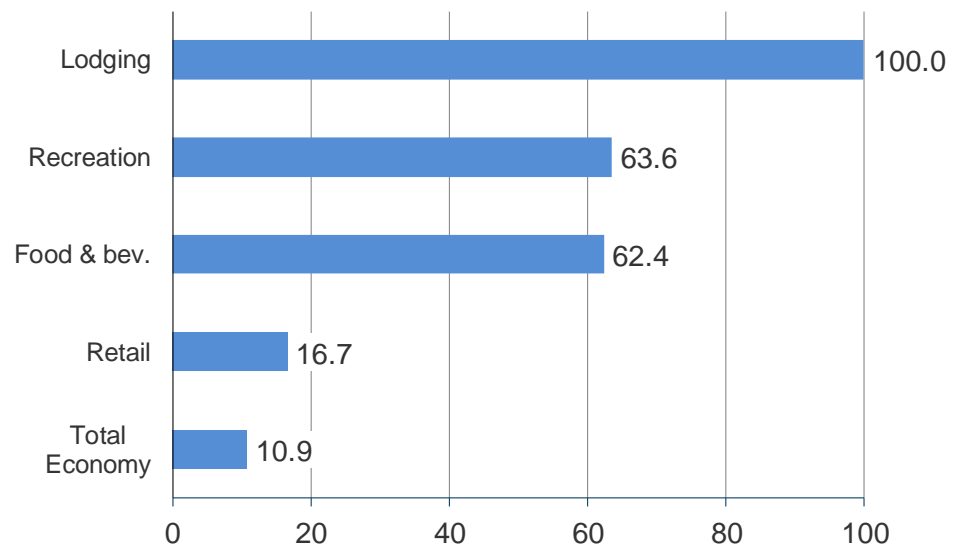
Direct visitor spending accounts for all employment in lodging, as virtually all demand is generated by non-locals.

Tourism's employment intensity in other industries is significant as well, at more than 63% of recreation, 62% of food and beverage, and nearly 17% of retail jobs.

Overall, **direct** tourism jobs account for just under 11% of all jobs in the Sonoma Valley.

### Tourism Employment Intensity by Industry

Sonoma Valley, direct jobs as a share of total by industry, %



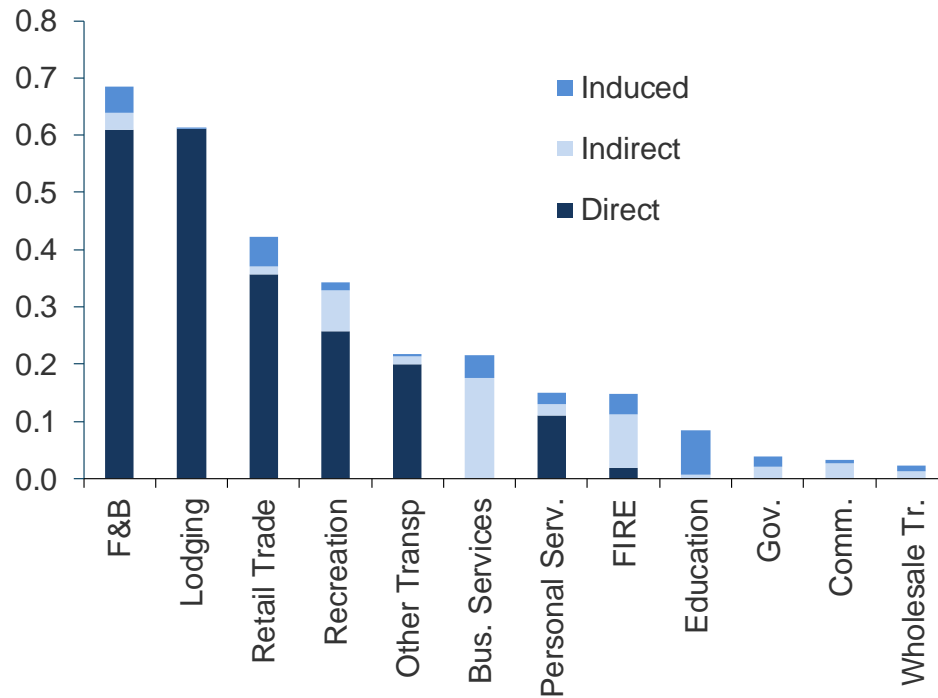
Source: Tourism Economics

# Tourism employment

Indirect and induced benefits accrue to other industries across the economy.

## Tourism Employment by Industry

Thousands



# Tourism income

Tourism sustained a total of \$131.5 million in income in the Sonoma Valley in 2017.

Visitors and their spending sustained \$69.9 million in direct income earned, primarily in food and beverage, lodging, and retail.

When including indirect and induced benefits across other industries, a total of \$131.5 million in income was earned in the Sonoma Valley region in 2017.

<b>Tourism Labor Income (Compensation)</b>				
<b>(US\$ Million)</b>				
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
<b>Agriculture, Fishing, Mining</b>	-	0.2	0.1	0.4
<b>Construction and Utilities</b>	-	1.7	0.5	2.2
<b>Manufacturing</b>	-	0.7	0.2	0.9
<b>Wholesale Trade</b>	-	1.4	1.0	2.5
<b>Air Transport (local)</b>	-	0.1	0.1	0.2
<b>Other Transport</b>	8.3	1.0	0.3	9.6
<b>Retail Trade</b>	11.2	0.8	3.1	15.1
<b>Gasoline Stations</b>	0.9	0.1	0.2	1.2
<b>Communications</b>	-	3.7	0.7	4.4
<b>Finance, Insurance and Real Estate</b>	1.0	5.9	2.4	9.3
<b>Business Services</b>	-	13.4	2.7	16.0
<b>Education and Health Care</b>	-	0.2	6.7	6.9
<b>Recreation and Entertainment</b>	6.8	2.7	0.5	10.0
<b>Lodging</b>	20.6	0.0	0.0	20.7
<b>Food &amp; Beverage</b>	17.2	1.4	1.9	20.5
<b>Personal Services</b>	3.9	1.9	1.6	7.3
<b>Government</b>	-	2.8	1.4	4.3
<b>TOTAL</b>	<b>69.9</b>	<b>38.0</b>	<b>23.7</b>	<b>131.5</b>

# Tourism tax revenue generation

Just under \$33 million in state and local taxes were generated in 2017.

Total tourism-generated tax revenues amounted to \$60.5 million in 2017.

Of this, \$32.7 million accrued at the state and local level.

State tax revenues included \$8.0 million in sales tax and \$3.6 million in income tax.

Local tax revenues included \$2.8 million in sales tax revenues and \$5.9 million in bed taxes.

State and local tax revenues helped to relieve \$2,983 in tax burden for each household in the Sonoma Valley.

<b>Tourism-Generated Revenues Tax Revenues</b>	
2017, \$Millions	
	Amount
<b>Federal</b>	
Personal Income	11.3
Corporate	3.5
Indirect business	1.9
Social Security	11.2
<b>Federal total</b>	<b>27.9</b>
<b>State</b>	
Sales	8.0
Personal Income	3.6
Corporate	0.6
Social Security	0.5
Other Taxes and Fees	1.4
<b>State total</b>	<b>14.1</b>
<b>Local</b>	
Sales	2.8
Lodging	5.9
Other Taxes and Fees	0.4
Property tax	9.4
<b>Local total</b>	<b>18.5</b>
<b>TOTAL</b>	<b>60.5</b>

# the Sonoma Valley tourism in context

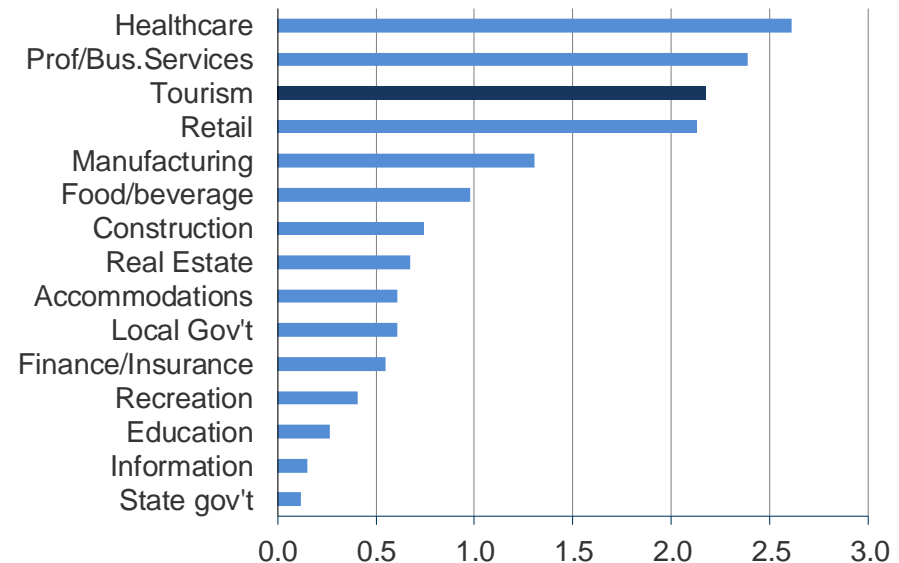
When taken together as an industry, tourism is the 3rd largest employer in the Sonoma Valley region.

With nearly 2,200 direct jobs, tourism is the 3rd largest employer in the Sonoma Valley region.

When taken together as an industry, tourism employs more people than other key industries, such as manufacturing, construction, real estate, finance, and education.

## Sonoma Valley Region Jobs by Industry, 2017

(Thousands)



Sources: BEA, BLS, U.S. Census, Tourism Economics

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## 6. City of Sonoma Economic Impacts



## Direct visitor spending – City of Sonoma

The City accounted for 73% of direct visitor spending in the Sonoma Valley region.

Visitors spent an estimated \$275 million in the City of Sonoma, nearly three quarters of all visitor spending in the Sonoma Valley region.

Most of this spending came in food and beverage at \$74 million, followed by lodging at nearly \$58 million.

City of Sonoma Visitor Spending By Category							
US\$ Millions							
	2012	2013	2014	2015	2016	2017	2016-17 % ch
Lodging	39.4	44.2	59.6	59.5	61.0	57.7	-5.4%
Food and beverage	49.8	55.3	59.1	65.1	70.8	74.0	4.5%
Retail	45.6	48.7	49.8	52.0	54.8	55.8	1.9%
Recreation	42.9	44.8	47.0	50.9	53.7	54.4	1.3%
Local transportation	31.4	32.7	33.4	31.8	30.9	33.2	7.4%
<b>Total</b>	<b>209.0</b>	<b>225.6</b>	<b>248.9</b>	<b>259.4</b>	<b>271.1</b>	<b>275.0</b>	<b>1.4%</b>
% change	10.2%	8.0%	10.3%	4.2%	4.5%	1.4%	

## Tourism sales – City of Sonoma

Direct visitor spending in the City amounted to \$275 million in 2017.

Direct visitor spending in the City of Sonoma amounted to \$275 million and generated nearly \$55 million in indirect impacts and \$36.7 million in induced impacts.

Adding direct, indirect, and induced impacts together, the total economic impact sums to \$366.6 million in 2017 in the City of Sonoma.

<b>Gross Output (Business Sales)</b>				
<b>(US\$ Million)</b>				
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
<b>Agriculture, Fishing, Mining</b>	-	0.2	0.1	0.3
<b>Construction and Utilities</b>	-	-	-	-
<b>Manufacturing</b>	-	0.9	0.4	1.3
<b>Wholesale Trade</b>	-	2.7	1.9	4.6
<b>Air Transport (local)</b>	-	-	-	-
<b>Other Transport</b>	20.5	1.6	0.5	22.7
<b>Retail Trade</b>	64.1	1.0	4.1	69.2
<b>Gasoline Stations</b>	8.8	0.1	0.2	9.0
<b>Communications</b>	-	5.1	1.5	6.6
<b>Finance, Insurance and Real Estate</b>	3.9	20.0	14.8	38.7
<b>Business Services</b>	-	16.2	3.3	19.5
<b>Education and Health Care</b>	-	0.2	5.4	5.6
<b>Recreation and Entertainment</b>	42.6	3.3	0.8	46.8
<b>Lodging</b>	57.7	0.1	0.0	57.7
<b>Food &amp; Beverage</b>	65.7	1.1	1.9	68.7
<b>Personal Services</b>	11.7	1.6	1.2	14.6
<b>Government</b>	-	0.8	0.5	1.3
<b>TOTAL</b>	<b>275.0</b>	<b>54.9</b>	<b>36.7</b>	<b>366.6</b>

\* Direct sales include cost of goods sold for retail and wholesale trade sectors

## Tourism employment intensity by industry – City of Sonoma

Tourism accounts for a significant portion of employment in key industries in the City of Sonoma.

Direct visitor spending accounts for all employment in lodging.

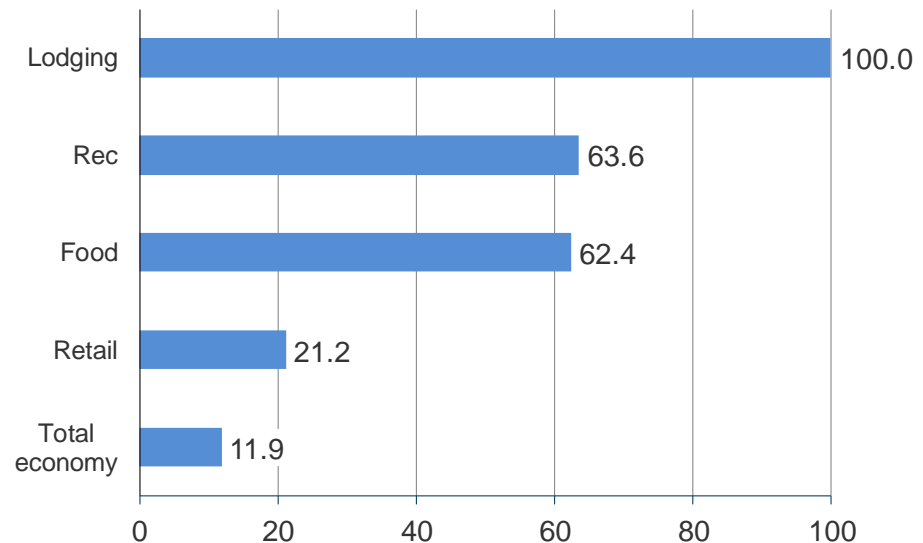
As there is local demand for recreation, food beverage, and retail services, not all employment in these industries is supported by visitor spending.

Nearly 64% of recreation employment, more than 62% of food and beverage, and 21.2% of retail jobs and sustained by visitor spending.

Overall, **direct** tourism jobs account for just under 12% of all jobs in the City of Sonoma.

### Tourism Employment Intensity by Industry

City of Sonoma, direct jobs as a share of total by industry, %



Source: Tourism Economics

## Tourism employment – City of Sonoma

Tourism-supported employment amounted to nearly 2,400 jobs in 2017, including indirect and induced jobs.

Direct visitor spending sustained more than 1,700 jobs in 2017, or almost 12% of all jobs in the City.

Including indirect and induced jobs, a total of 2,386 jobs were sustained by tourism in 2017, accounting for 16.6% of all jobs in the City of Sonoma.

<b>Tourism Employment</b>				
	Direct	Indirect	Induced	Total
<b>Agriculture, Fishing, Mining</b>	-	3	1	4
<b>Construction and Utilities</b>	-	-	-	-
<b>Manufacturing</b>	-	3	1	4
<b>Wholesale Trade</b>	-	11	8	20
<b>Air Transport (local)</b>	-	-	-	-
<b>Other Transport</b>	200	13	4	217
<b>Retail Trade</b>	290	12	43	345
<b>Gasoline Stations</b>	8	1	1	10
<b>Communications</b>	-	19	4	24
<b>Finance, Insurance and Real Estate</b>	18	94	36	148
<b>Business Services</b>	-	165	38	202
<b>Education and Health Care</b>	-	5	56	61
<b>Recreation and Entertainment</b>	200	55	11	266
<b>Lodging</b>	516	1	0	517
<b>Food &amp; Beverage</b>	393	20	29	442
<b>Personal Services</b>	86	15	16	117
<b>Government</b>	-	5	5	9
<b>TOTAL</b>	<b>1,711</b>	<b>421</b>	<b>254</b>	<b>2,386</b>

## Tourism income – City of Sonoma

Tourism sustained a total of \$86.8 million in income in the City of Sonoma in 2017.

Visitors and their spending sustained \$55.8 million in direct income earned, primarily in lodging and food and beverage.

When including indirect and induced benefits across other industries, a total of \$86.8 million in income was earned in the City in 2017.

<b>Tourism Labor Income (Compensation)</b>				
<b>(US\$ Million)</b>				
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
<b>Agriculture, Fishing, Mining</b>	-	0.1	0.0	0.1
<b>Construction and Utilities</b>	-	-	-	-
<b>Manufacturing</b>	-	0.2	0.1	0.2
<b>Wholesale Trade</b>	-	0.8	0.6	1.4
<b>Air Transport (local)</b>	-	-	-	-
<b>Other Transport</b>	8.3	0.6	0.2	9.2
<b>Retail Trade</b>	9.2	0.4	1.6	11.2
<b>Gasoline Stations</b>	0.6	0.0	0.1	0.8
<b>Communications</b>	-	1.8	0.4	2.1
<b>Finance, Insurance and Real Estate</b>	1.0	3.8	1.6	6.3
<b>Business Services</b>	-	8.2	1.6	9.8
<b>Education and Health Care</b>	-	0.1	3.2	3.3
<b>Recreation and Entertainment</b>	5.3	1.4	0.3	6.9
<b>Lodging</b>	17.4	0.0	0.0	17.4
<b>Food &amp; Beverage</b>	11.1	0.6	0.8	12.5
<b>Personal Services</b>	3.0	0.9	0.8	4.8
<b>Government</b>	-	0.4	0.2	0.7
<b>TOTAL</b>	<b>55.8</b>	<b>19.5</b>	<b>11.5</b>	<b>86.8</b>

# Tourism tax revenue generation – City of Sonoma

Just under \$19 million in state and local taxes were generated in 2017.

Total tourism-generated tax revenues amounted to \$40.4 million in 2017.

Of this, \$18.5 million accrued at the state and local level.

State tax revenues included \$6.3 million in sales tax and \$2.9 million in income tax.

Local tax revenues included \$2.2 million in sales tax revenues and \$3.3 million in bed taxes.

State and local tax revenues helped to relieve \$977 in tax burden for each household in the City of Sonoma.

<b>Tourism-Generated Revenues</b>	
<b>Tax Revenues</b>	
2017, \$Millions	
	Amount
<b>Federal</b>	
Personal Income	8.9
Corporate	2.7
Indirect business	1.5
Social Security	8.9
<b>Federal total</b>	<b>22.0</b>
<b>State</b>	
Sales	6.3
Personal Income	2.9
Corporate	0.5
Social Security	0.4
Other Taxes and Fees	1.1
<b>State total</b>	<b>11.1</b>
<b>Local</b>	
Sales	2.2
Lodging	3.3
Other Taxes and Fees	0.3
Property tax	1.5
<b>Local total</b>	<b>7.4</b>
<b>TOTAL</b>	<b>40.4</b>

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## 7. Data Sources and Methods

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# Notes

## Why quantify the tourism economy?

- By monitoring tourism's economic impact, policy makers can make informed decisions regarding the funding and prioritization of tourism development.
- It can also carefully monitor its successes and future needs.
- In order to do this, tourism must be measured in the same categories as other economic sectors – i.e. tax generation, employment, wages, and gross domestic product.

## Why is this a challenge?

- Most economic sectors such as financial services, insurance, or construction are easily defined within a region's economic statistics.
- **Tourism is not so easily measured because it is not a single industry.** It is a demand-side activity which affects multiple sectors to various degrees.
- Tourism spans across different industries. Specific tourism-related industry codes of the North American Industry Classification System (NAICS) include:
  - **31-33 Manufacturing:** In the Sonoma Valley region, wineries engaged in wine production may be considered to be in the manufacturing sector. For modeling purposes of this study, direct spending at wineries is captured in the retail, accommodations, and food and beverage sectors.
  - **44-45 Retail:** All retail establishments, including furniture, clothing and footwear, electronics, souvenirs, grocery stores and food markets, pharmacies, jewelry, luggage, and other establishments that sell directly to the final consumer.
  - **48 Transportation:** Local transportation could include, air, rail, or water transportation, including urban passenger transit systems, bus, taxi, limousine services, and scenic and sight-seeing transportation.
  - **71 Arts, entertainment and recreation:** Theatre, dance, music companies and independent artists, sports promoters and managers, museums, historical sites, zoos, nature parks and gardens, amusement and theme parks, casinos, golf, skiing, marinas, fitness and bowling centers.
  - **721 Accommodations:** Hotels, motels, bed and breakfast inns, RV Parks and campgrounds, and rooming and boarding houses.
  - **722 Food and beverage:** Full- and Limited-service restaurants, drinking places, cafeterias, buffets, and snack and beverage bars, and food service contractors.



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## Methods and data sources

Estimates of direct visitor expenditures in Sonoma Valley were based on several sources including:

- Visitor spending estimates for Sonoma County produced by Visit California
- A visitor profile study developed by Destination Analysts for San Francisco Travel, which included visitors who also visited Sonoma County.
- STR data covering hotel room demand, supply, revenues, occupancy, and room rates for Sonoma County and the Sonoma Valley region.
- Industry data on employment, wages and sales from the U.S. Census, the Bureau of Economic Analysis, and the Bureau of Labor Statistics.
- Local bed tax data available from Visit California and the Sonoma County Economic Development Board.
- Visitor spending estimates produced by Visa Vue.

An IMPLAN input-output model was constructed for Sonoma County. The model traces the flow of visitor-related expenditures through the local economy and their effects on employment, wages, and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts of tourism. Tourism Economics then cross-checked these findings with employment and wage data for each sector to ensure the findings are within reasonable ranges. Adjustments were made to modeling results in order to capture impacts in the Sonoma Valley region only.

Gasoline price data for the San Francisco area were obtained from the Energy Information Administration.

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# About Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of tourism dynamics with rigorous economics in order to answer the most important questions facing destinations, developers, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, tourism forecasting models, tourism policy analysis, and economic impact studies.

With over four decades of experience of our principal consultants, it is our passion to work as partners with our clients to achieve a destination's full potential.

Oxford Economics is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality, quantitative analysis and evidence-based advice. For this, it draws on its own staff of 30 highly-experional economists; a dedicated data analysis team; global modeling tools, and a range of partner institutions in Europe, the US and in the United Nations Project Link. Oxford Economics has offices in London, Oxford, Dubai, Philadelphia, and Belfast.