Tourism Report 2003

Fall 2003

Prepared by

Sonoma County Economic Development Board

in partnership with

Sonoma County Workforce Investment Board
Sonoma County Tourism Program

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November 2003

The Economic Development Board (EDB), in conjunction with the Sonoma County Workforce Investment Board (WIB), and the Sonoma County Tourism Program (SCTP), is pleased to present the second annual Sonoma County Tourism Report.

Many changes have occurred within the industry over the last year, some resulting from a united tourism industry, others from the diversity of Sonoma County offerings, and still others from state, national, and international trends.

This report is presented in three sections. The first section is an overview of economic trends in tourism, which analyzes such indicators as spending, transient occupancy taxes, room rates, and the like generated by the tourism sector within the last year. These indicators not only offer a quantitative picture of the sector, but also illustrate the effects of improvements and developments in the tourism program within the county.

Key points from the indicators report include:

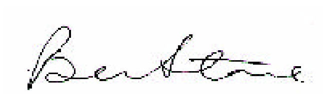
- Destination spending increased by 2% to $937 million in 2001, which is a smaller increase than previous years, but much greater than the negative growth that can be seen statewide (latest available data).
- Earnings have continued to increase, with a 2.3% gain to $315 million in 2001 from 2000.
- County occupancy rates, demand, and room rates are all down slightly from the previous year, but are beginning to show improvement.
- Sonoma County remains the frontrunner in destination spending, employment, and earnings when compared to Napa and Marin counties.
- Despite increasing supply and decreasing demand, total hotel room revenue has remained stable, and is currently higher than Napa County.

The second section of this report is an analysis of the tourism sector in Sonoma County given by the professional research firm Economy.com. The report begins on page 8.

The third section, starting on page 12, provides a statistical "snapshot" of Sonoma County Tourism Program (SCTP) activities, highlighting its role in drawing visitors to the area, and in coordinating the tourism efforts of Cities and organizations in the county. The section is presented with data provided by the SCTP. These data include statistics on visitors, marketing, advertising, and a web survey.

We thank you for your continued interest in Sonoma County's economy, and hope this report proves useful in providing an overview of this dynamic and important industry.

Sincerely,



Ben Stone
Executive Director

SECTION I

ECONOMIC TOURISM INDICATORS
TRENDS AND ANALYSIS

Section I is researched and written by the Sonoma County Economic Development Board. Data used to write this report are taken from various sources and acknowledgement is given either below the graph where the data can be found or in the methodology page at the end of this section.

EDB

Sonoma County
Tourism Indicators Report

Fall 2003

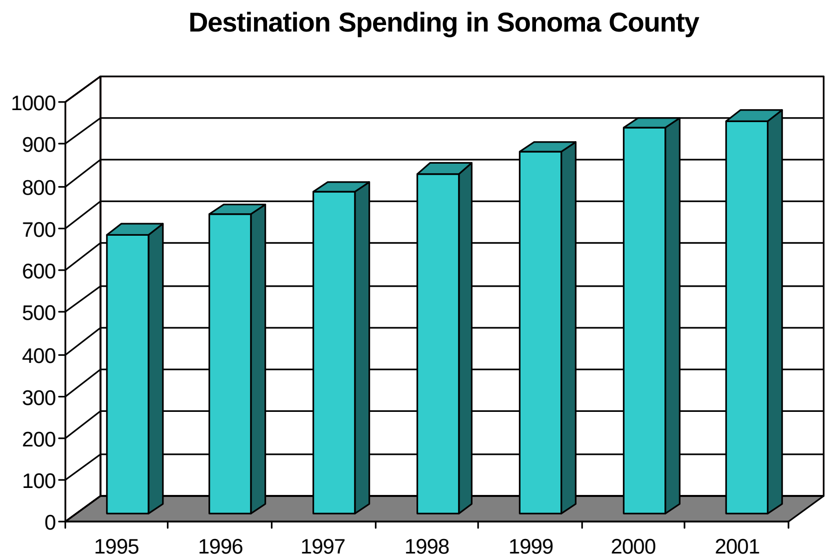
Destination Spending

Destination spending is calculated by adding the total amount spent by travelers excluding travel arrangements and air travel. Destination spending includes lodging, food, retail sales, and ground transportation. Destination spending is an important indicator for the tourism industry, and in Sonoma County, it has steadily increased since 1995, with a total growth of 29% between 1995 and 2001.

The annual amount of money spent by tourists in 2001* totaled over $937 million, an increase of 2% from year 2000.

In comparison, total destination spending in the state of California totaled $65.3 billion for 2001*, a decrease of one percent from the previous year.[1]

*Latest data available is year 2001.



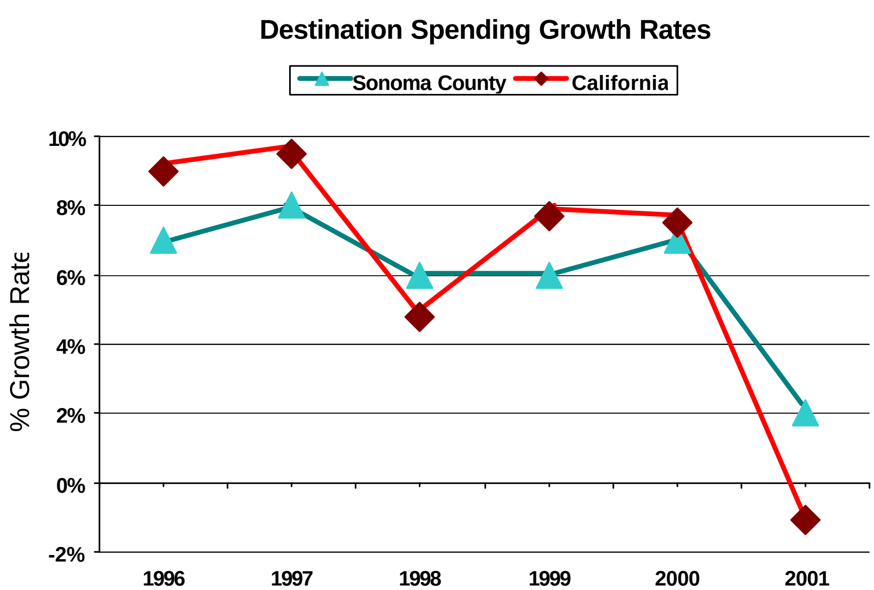
Source: California Travel Impacts by County, 1992-2001

As predicted in the EDB's Spring 2002 Tourism Report, the growth rate for Sonoma County tourism declined considerably in 2001, from 7% to 2%. The average annual percentage change between 1992-2001 is 5%.

Meanwhile, annual growth rates for destination spending in California between 1992-2001 is slightly higher at 5.1%, despite falling to negative levels in 2001.

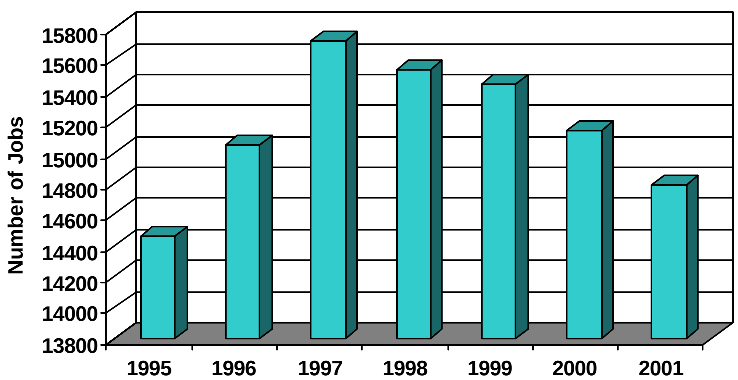
2002 estimates for tourism in California correspond to the current slow growth rate in Sonoma County; state destination spending is expected to show a total of $66 billion, just a 1% increase from 2001.

The continuing state wide decline in growth is attributed to a poor economy and fewer business travelers, especially in the Bay Area.[2]



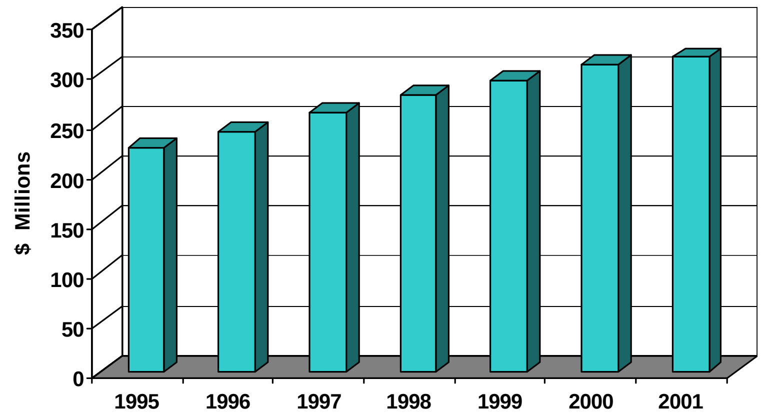
Source: California Travel Impacts by County, 1992-2001

Employment Generated by Travel Spending in Sonoma County



Source: California Travel Impacts, 1992-2001

Earnings Generated by Travel Spending



Source: California Travel Impacts, 1992-2001

Local Economic Impact

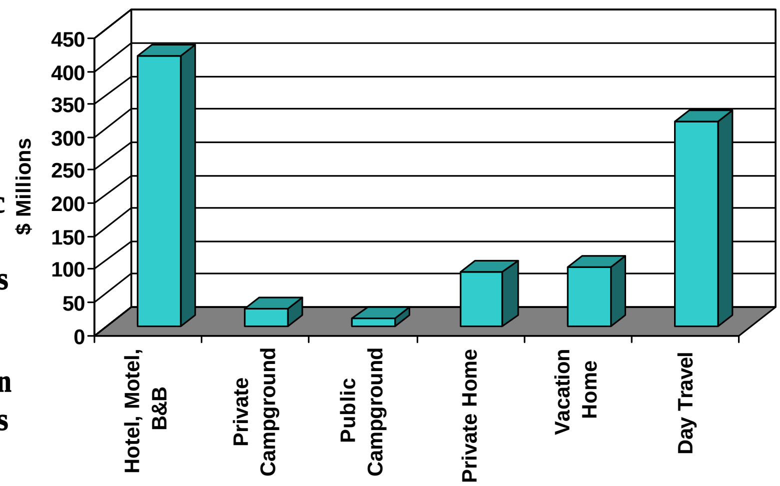
The tourism sector has followed trends set in previous years with regard to employment, earnings, and spending by type of accommodations.

Employment within the sector declined in 2001, decreasing 2.3% to 14,790 jobs; this is the largest percentage decrease since 1997. This decline may be largely due to the overall malaise of the economy and the lengthened period of economic weakness due to the attacks of September 11.[3] Since then tourism employment has increased (see Economy.com's analysis in section 2).

Earnings continued to increase, with a 2.3% gain to $315 million in 2001 compared to the previous year. However, this growth is also slowing. Hotels, motels and B&Bs have maintained their share of revenue earned from travel spending at over $400 million, followed by day travel at $312 million.

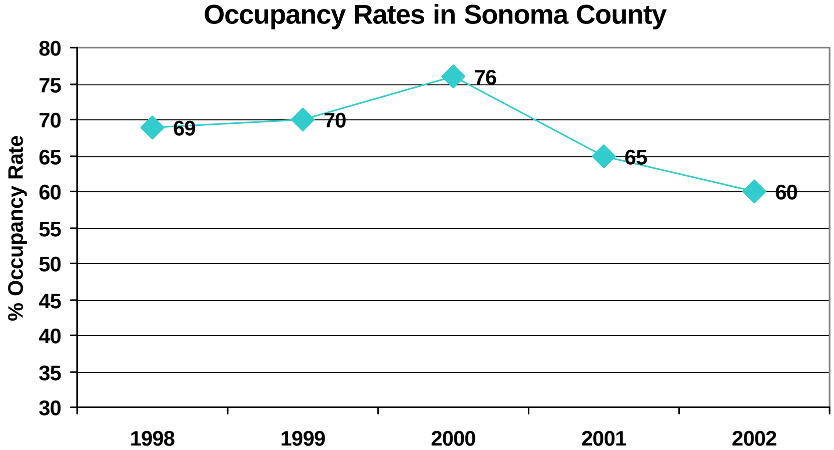
Like Sonoma County, tourism employment in California decreased 5% in 2001, with estimates showing that it will continue to decrease in 2002. Unlike Sonoma County, earnings generated in the state have decreased by one million dollars.

Travel Spending by Type of Accomodation in Sonoma County (2001)



Source: California Travel Impacts, 1992-2001

Occupancy Rates in Sonoma County



Source: Smith Travel Research

Occupancy Rates

Occupancy rates continue their decline from 2000, falling to 60% at the end of 2002. In April 2003, occupancy rates had fallen to 49% (not shown), down 10.4% from April 2002. Part of this fall comes from increases in the number of rooms. If no new rooms had been built, occupancy rates would have fallen 4.2%.

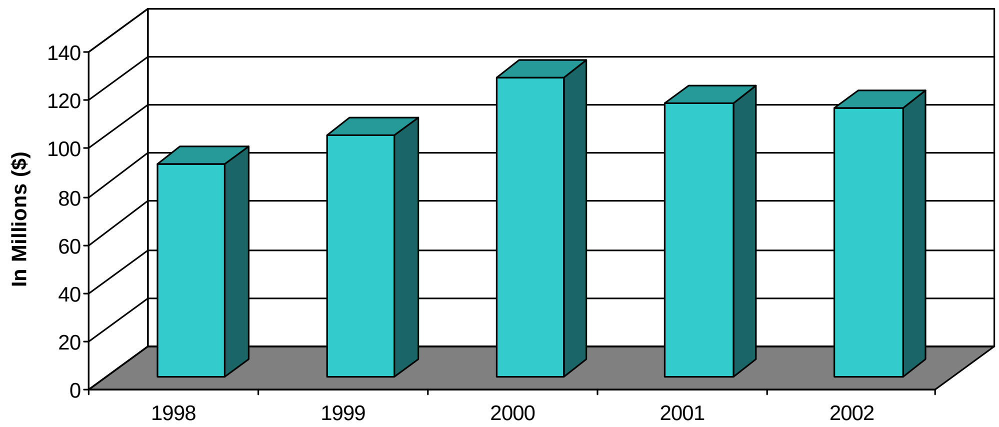
In comparison, occupancy rates in April were down an average of 8.7% in all of Northern California from April 2002.[4]

Monthly statistics illustrate that occupancy rates pick up during the summer months, reaching their highest levels in August and then decrease again by the end of the year. These monthly fluctuations are expected to cause the average occupancy rates for 2003 to be slightly higher than the April 2003 rate given above.

Hotel Room Revenue

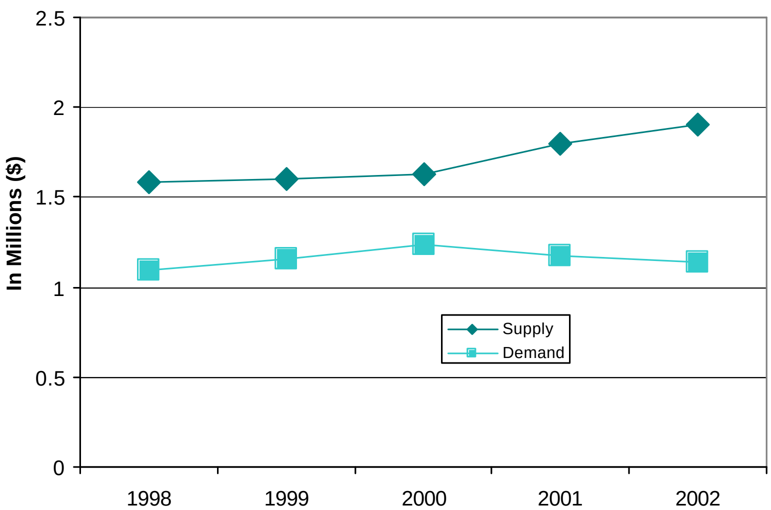
Hotel room revenue has steadily declined since 2000. As of April 2003, revenue was down 1.4% from the same time last year. However, revenue decreased 12.5% between April 2001 and April 2002. In 2002, hotel room revenue was still much higher than revenue in years prior to 2000.

Hotel Room Revenue in Sonoma County



Source: Smith Travel Research

Supply and Demand for Hotel Rooms in Sonoma County



Source: Smith Travel Research

Supply and Demand for Hotel Rooms

Compared to this time last year, the number of hotel room nights per year has grown by 42,480 or 7%, while demand has decreased 4%. This is the largest gap between supply and demand in the last two years.

Since 2000, the gap between supply and demand has been widening. More hotel rooms continued to be built, yet demand did not expand at the same rate.

This trend is not unique to Sonoma County. Correspondingly, through April 2002, California experienced a statewide decline of 6% in lodging demand and a 2.4% increase in supply.[5]

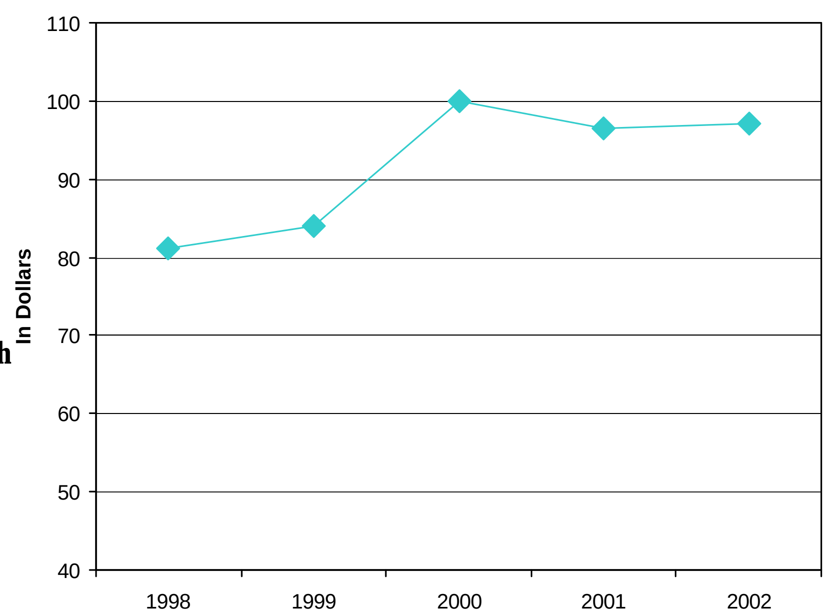
Room Rates

The current average room rate for Sonoma County as of April 2003 is $89.62, up 3% from the same time last year. This figure is down 7.6% from the end of 2002. Room rates in Sonoma County vary by season, due to changing demand. This causes a trend for room rates to increase about $10 between midyear and end of the year, and helps to explain the decrease in rates since the end of last year.

Sonoma County is doing extremely well in comparison with the average daily room rate for Northern California, which is down 15.9% in April from the previous year.[6] The average daily rate for Northern California is $122.01.[7]

According to the California Lodging Industry Association, as more consumers go online to look for low room rates and to purchase packages, the tourism industry is finding rate management more difficult.[8]

Sonoma County Average Hotel Room Rates



Source: Smith Travel Research

Transient Occupancy Taxes

While transient occupancy taxes (TOT) are still increasing, the rate of increase in revenue generated has slowed in the last two years. TOT experienced over a 50% increase between 1997-2002, and of that only 5% came in the last two years.

2002 figures have increased more than the previous year, with a 2.6% increase in TOT revenue compared to the 0.9% increase between 2000-2001.

Quarterly data from year 2002 displays the slow start of TOT revenue following the decrease in revenue from the fourth quarter of 2001; however, consecutive quarters showed improvement, ending the year with an overall gain.*

Overall tax revenues which includes expenditures and business taxes levied on travel industry firms and employees also increased slightly to $61.4 million in 2001 from the $60.6 million posted the previous year.[9]

* TOT quarter figures do not add up to the corresponding annual figure due to rounding.

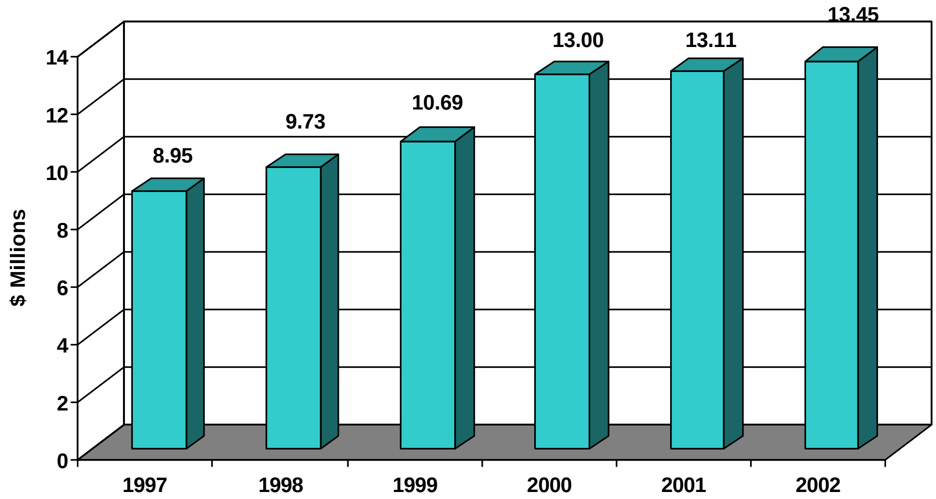
TOT Distribution

The decrease in TOT growth rates in Cities and unincorporated areas within Sonoma County between 2000 and 2001 rebounded to positive levels in 2002.

The current growth rate for Cities is at 2.67%, and at 1.03% for the unincorporated areas of the county.

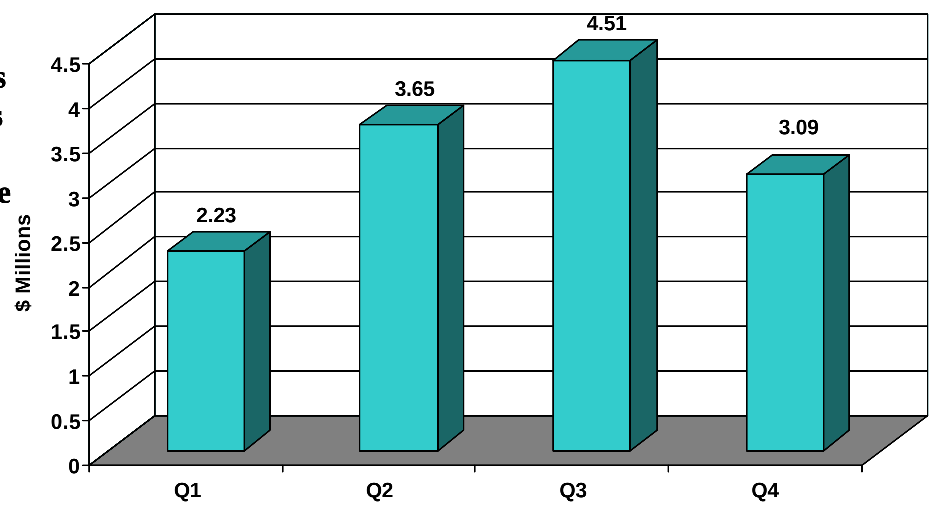
California took in $3.1 billion dollars in overall tax revenue for 2002, a 3.3% increase from year 2001 and a return to the same level as year 2000. California was only one of three states to increase market share in 2001 due to the post 9/11 recovery campaign that cost $25 million.[10]

Sonoma County Transient Occupancy Taxes (TOT)



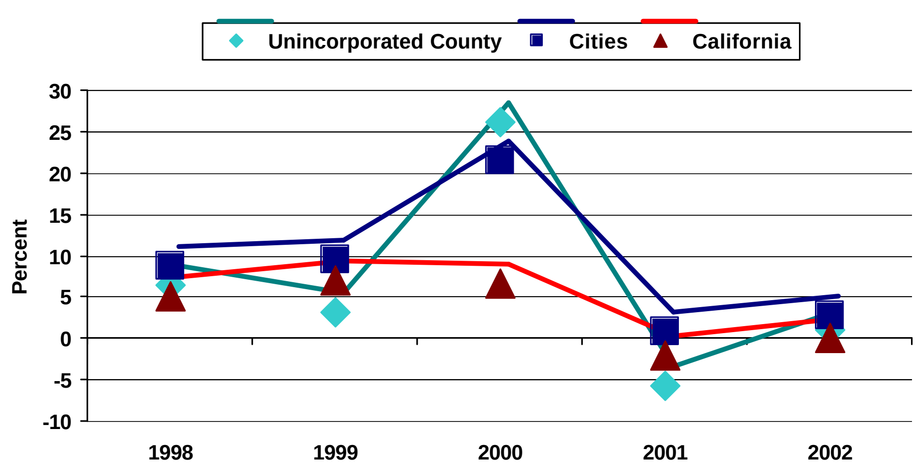
Source: Sonoma County Tourism Program

Sonoma County TOT by Quarter, 2002



Source: Sonoma County Tourism Program

TOT Growth Rates



Source: Sonoma County Tourism Program

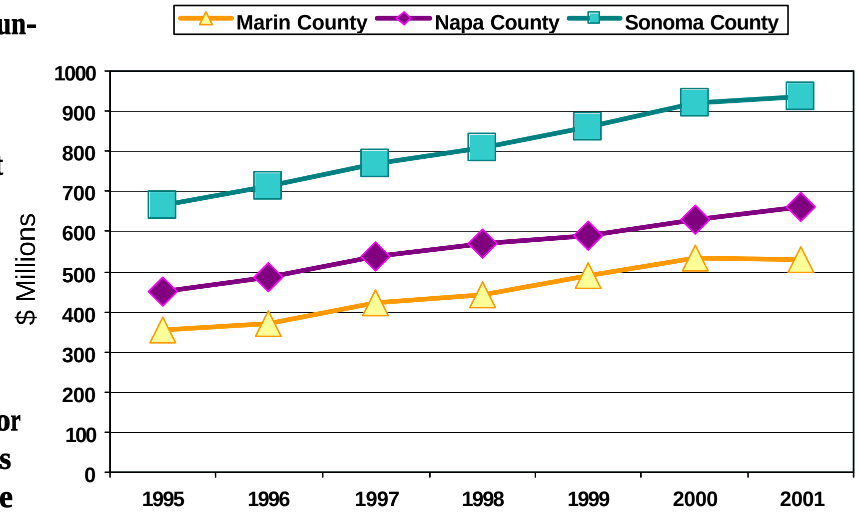
Destination Spending in the North Bay

Destination spending in Marin, Napa and Sonoma Counties totaled $2.11 billion, an increase of 2.2% from the previous year.

Sonoma County has continued to generate the highest amount of destination spending ($937 million) and has a growth rate of 2%. Marin County experienced a slight decrease of 0.7%, and Napa County posted an increase of 4.9%. Napa County's increase may be attributed to new resorts that were built in 2001.

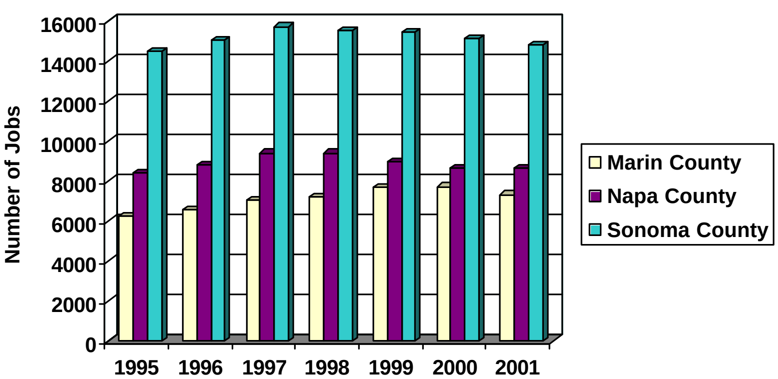
Sonoma County draws many more visitors than Napa or Marin Counties. Traditionally, Sonoma County visitors spend fewer dollars than visitors to Napa. In 2001, the average visitor spent $79 per day in Sonoma County, while visitors to Napa spent $103 per day. However, in 2002 Sonoma County visitors caught up, spending $108 per day, while the average Napa County visitor spent $107. [11]

Destination Spending Comparisons



Source: California Travel Impacts by County, 1992-2001

Comparative Employment Generated by Travel Spending



Source: California Travel Impacts by County, 1992-2001

Employment Comparisons in the North Bay

In conjunction with higher destination spending, employment generated by travel spending is also greater in Sonoma County.

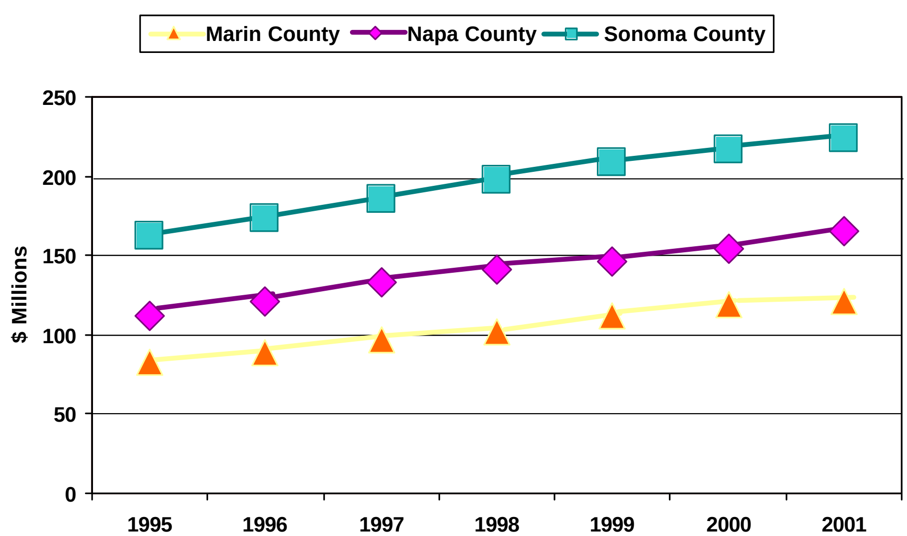
Employment figures decreased in 2001 compared to the previous few years, with 350 jobs being lost between 2000 and 2001. In comparison, in 2001, Marin County lost 390 jobs, while Napa County increased its tourism employment by 10 jobs.

The growth rate for Sonoma County employment was -2.3% for the year 2001 compared to 2000. Current projections (2003) for Sonoma County show that employment trends are increasing for the tourism industry (see Economy.com's analysis in section 2).

Tourism-Generated Retail Sales Comparisons*

All three North Bay counties had increased travel spending on retail goods, with Napa County having the highest growth rate at 6.7%, followed by Sonoma County at 2.9% and Marin County at 1.2%. The high growth rate for Napa County correlates with Napa visitors having the highest mean income of any of the Bay Area counties at $69,000.[12] Sonoma County has the highest travel spending on retail goods, increasing from $216.8 million to $223.7 million last year. Total spending on retail goods among the three counties for year 2001 was $509.3 million, a gain of 3.8 percent overall.

Comparative Travel Spending on Retail Goods



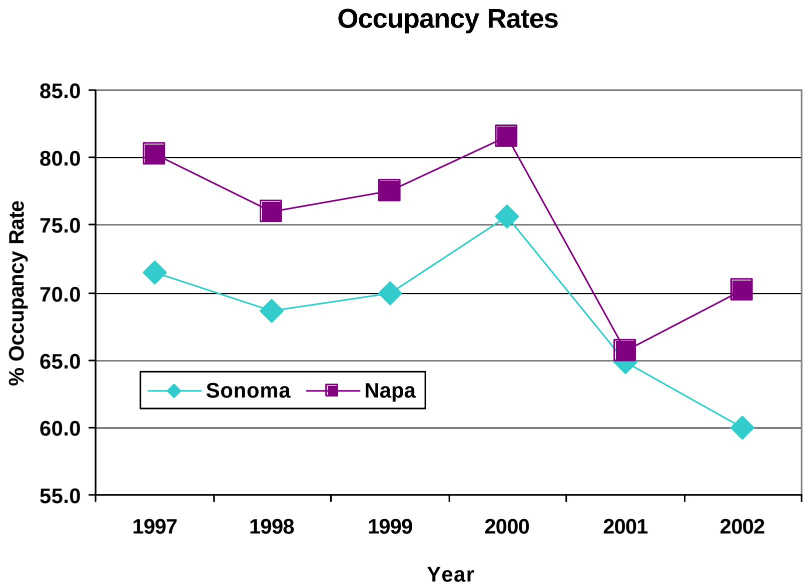
Source: Dean Runyan Associates

*Sales from groceries and alcohol were not included

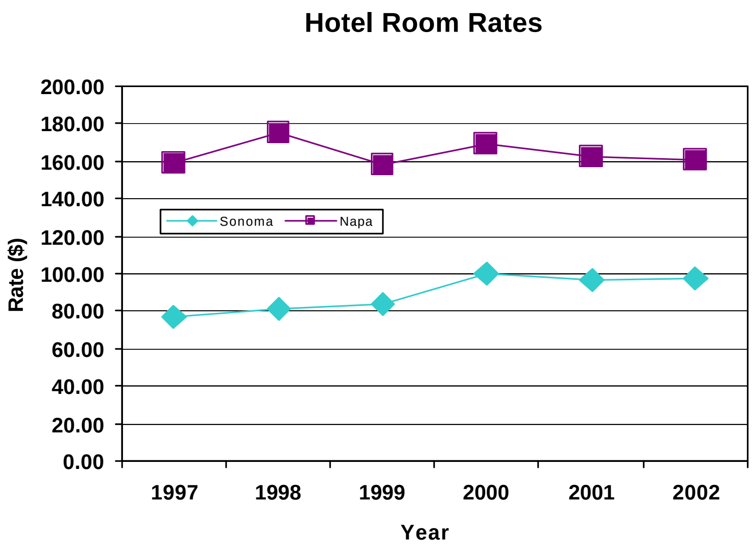
Sonoma and Napa: A Comparison

Sonoma and Napa counties are noted for comprising California's beautiful wine country. The following charts illustrate occupancy, room, and revenue rates for both Sonoma and Napa counties.

Occupancy rates in Sonoma County continued to decline last year while occupancy rates in Napa County started to rebound. Even though Sonoma County sells approximately twice as many rooms as Napa County each year, a greater percentage of the total available rooms in Napa County are filled. This has caused Napa County to consistently outpace Sonoma County in occupancy rates.



Source: Smith Travel Research



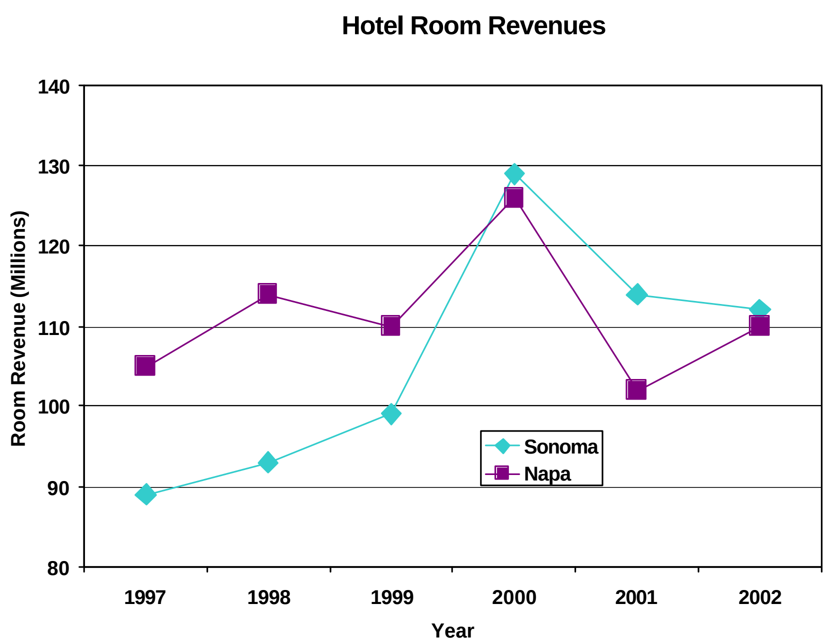
Source: Smith Travel Research

Room rates in Sonoma County cover a wide range of prices, and one can find a variety of limited to full service establishments including a healthy mix of moderate, business class, and luxury hotels.

The chart to the left shows that the average room rate is much higher in Napa County compared to Sonoma County. In 2002 the average rate in Sonoma County was $97.09 while in Napa County the average rate was $160.54. However, over the last five years, room rates in Sonoma County have been increasing much faster (26.8%) than in Napa County (1.2%) causing a trend toward converging rates.

Over the last three years, total room revenues in Sonoma County have surpassed Napa County. Between 2000 and 2002, the supply of hotel rooms in Sonoma County increased by 12%. During the same period, there was a decrease in demand by 11%. Despite this growing supply and shrinking demand, room rates in Sonoma County have been able to remain consistent, and this has allowed overall revenue to be much higher in 2002 compared with 1999 even though fewer rooms were sold.

Early figures for 2003 suggest that the divergence between supply and demand in Sonoma County is continuing, and this trend may cause issues for revenue growth in the absence of a strong recovery in the near future.



Source: Smith Travel Research

Methodology and Sources

This report updates figures from Section I and Section III of the 2002 Tourism Report. The 2002 Tourism Report can be found at www.sonoma-county.org/edb/Reports.htm. The 2003 report uses the latest available data, which spans 1997 to mid-2003. The 2002 report used figures from 1997 to 2002.

Spending, employment and earnings figures have just recently been released for 2001 and are the most up-to-date. Tax revenue, occupancy rates, room rates and the like show 2003 year-to-date figures.

Our sources included Smith Travel Research, Dean Runyan Associates, Sonoma County Tourism Program and The California Travel and Tourism Commission & The Division of Tourism California Trade and Commerce Agency, as well as the following:

1. The California Travel and Tourism Commission & The Tourism Division of the California Trade and Commerce Agency. "California Travel Impacts by County, 1992-2001."

2. Dean Runyan Associates. http://www.deanrunyan.com/pdf/pdfca/impglance.pdf

3. Daly, Mary. "Bay Area Economy: What a difference a year makes." Bay Area Economic Pulse: 7.1; 2002.

4. Sacramento Business Journal. "Latest News." 6/16/2003. http://sacramento.bizjournals.com/sacramento/stories/2003/06/16/daily28.html

5. Amarante, Kristen. "California Market Declines, But Recovery Is Expected." Hotel Interactive. July 22, 2002.

6. Sacramento Business Journal. "Latest News." 6/16/2003. http://sacramento.bizjournals.com/sacramento/stories/2003/06/16/daily28.html

7. Howe, Kevin. "California Tourism May Bloom Soon." The Monterey County Herald; published in Hotel Online, June 5, 2003.

8. Manderfield, John. "Weathering War in the Lodging Industry." California Lodging Industry Association.

9. Dean Runyan Associates. http://www.deanrunyan.com/pdf/ca02.pdf

10. The California Travel and Tourism Commission & The Tourism Division of the California Trade and Commerce Agency. "2002 Visitor Stats Highlights."

11. D.K. Shifflet & Associates Ltd. Average Expenditures in California's Top Counties. 2002.

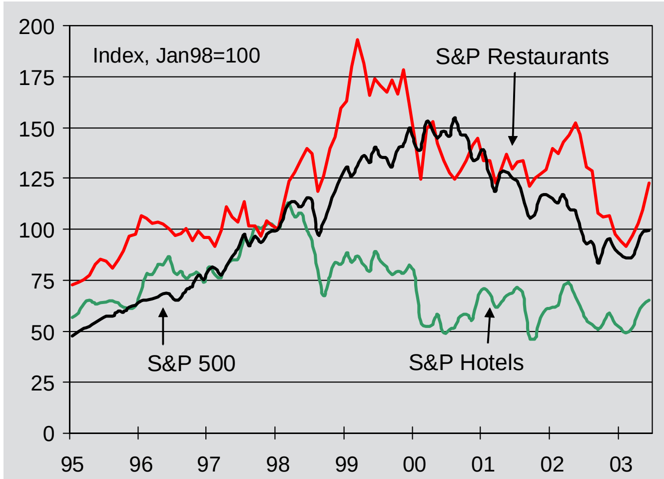
12. Napa Valley Economic Development Board Corporation. Napa County Economic Overview March, 2003.

SECTION II

ECONOMIC ANALYSIS & PERSPECTIVE

This section is written by Economy.com, which produces several sector reports each year on behalf of the Sonoma County Development Board.

Recent Trends. The Sonoma County tourism industry continues to recover on the shoulders of a modest improvement in leisure travel, but its footing remains fragile. Leisure and hospitality payrolls are well above a year ago, but growth has begun to slip from last year's torrid pace. While leisure travel registered a strong summer, the seasonal lull in vacationers in the second half of the year threatens to wipe out this momentum if businesses don't step up their travel activity, and if the U.S. labor market does not improve quickly.



investment in hotels, but once travel activity picks up, hotel financing will loosen and interest in building will increase.

A handful of wineries in the area have filed for bankruptcy due to slower wine sales. Sonoma County's DeLoach Vineyards, for example, filed for bankruptcy in May and will scale down production to less than half its 1999 peak. At least four more Napa and Sonoma County wineries have filed for bankruptcy in the past two years, including Sonoma Creek, Fife and Liparita.

Macro Drivers. Macroeconomic conditions affect the tourism industry in Sonoma County via the economy's impact on disposable income, corporate profits, and business and consumer confidence. These, in turn, influence the demand for vacations and business trips, directly affecting the bottom lines of tourism-based businesses.

Macroeconomic conditions have improved as 2003 has progressed, with consumer spending strong and business fixed investment showing improvement. Government defense spending continues to give a tailwind to growth, while fiscal and monetary policy remains extremely accommodative. Consumer confidence has firmed, the stock market appears to be building momentum, and home and auto sales remain strong on the shoulders of low interest rates.

That said, the labor market continues to flounder. The U.S. has shed 600,000 jobs since the start of the year and more than 2.5 million since the start of the 2001 recession. Average weekly hours continue to fall even as output rises, thanks to strong productivity growth. However, given the strong improvement elsewhere in the economy and surveys of hiring intentions, the economy is expected to begin adding jobs by the end of the year, stoking an upturn in travel demand.

Travelers' security concerns have not gone away, but neither are they as much of a constraint to travel as they were in 2002. Government security alerts provoke a much more subdued response in bookings than they did a year ago. The war in Iraq did put a temporary damper on U.S. travelers' plans, shifting vacations later into the summer, and from European destinations to domestic ones. And, booking windows remain very short, due in part to the heightened volatility of geopolitical events. Barring another attack on U.S. soil, however, the economy, and not security fears, can be expected to act as the predominant influence on travel activity.

Consumer spending on hotels remains below its year-ago level but is accelerating. The BEA's tourism sales data also show that an acceleration in lodging sales is under way, with total receipts rising at more than a 5% annualized pace in the second quarter. With stronger job growth, spending should surpass year-ago levels by year end, especially because comparisons with 2002 get easier.

Industry Drivers. Leisure travel to Sonoma County has enjoyed an ongoing improvement, as evidenced by strong payroll growth in tourism-related payrolls. However, weak pricing continues to limit profitability and has begun to slow the pace of hiring and expansion. The Sheraton Petaluma – an upscale, business traveler-focused property – fell into foreclosure just 15 months after opening due to soft demand. The Sheraton will remain open under new ownership, but its difficulties underscore the tough times facing upscale Sonoma County establishments planned during the boom of the late 1990s.

A handful of Sonoma County's wineries have suffered the same fate, falling victim to souring market conditions of late. Demand for higher-priced varieties plummeted with the recession and has yet to recover. Softer wine sales are indicative of weaker restaurant traffic, less travel to the region, and more reserved spending on wine tourism. In the near term, reserved tourist spending will continue to thwart expansion at Sonoma County wineries and discourage large-scale

The wine sales slowdown shifts more importance to winery visits and direct sales to tourists, and may spark renewed investment in attracting new visitors to Sonoma County wineries. It may also incite more vintners to consider building hotels or bed and breakfasts on grounds to leverage their wineries as tourist destinations.

The moribund state of business travel has been a negative for the area. While Sonoma County itself relies more on vacationers than business travelers, the metro area's fate is indirectly linked to business travel through its reliance on visitors from the San Francisco Bay Area. Out of state visitors frequently take day trips from the Bay Area to visit Sonoma County, and historically, over 40% of overnight visits to Sonoma County have originated in the Bay Area. Yet business activity continues to contract in and around San Francisco, and there is no sign of a turnaround. San Francisco is the weakest performing metro area in the state, and Sonoma County's dependence on the high incomes of its vacationers will remain a stumbling block to the county's recovery.

Income growth in San Francisco is just beginning to recover, but payroll cutbacks have taken a devastating swipe, a fact made visible by the continued rise in personal bankruptcy rates. But, while the shattered tech sector remains fragile, investment is quietly picking up. With a continuation of the first half's measured macroeconomic growth, San Francisco's economy is expected to begin generating jobs again by the fourth quarter, with growth accelerating throughout 2004.

Sonoma County's tourism industry may expand in a new direction with the construction of its first casino. If regulators approve a proposal by the City of Rohnert Park and the Graton Rancheria tribe, Station Casinos will build a casino on a 360-acre site west of Rohnert. The Las Vegas-based company already built the $215 million Thunder Valley casino on land of the United Auburn Indian Community northeast of Sacramento.

Investment in new hotels is ongoing, although at a much more restrained pace than during the late 1990s and chiefly in small, boutique establishments that cater to the high end. The six-room Ledson Hotel that opened this summer and the 19-room Inn at Sonoma that opened last year are two examples. The Ledson is an extension of the family's 10-year old winery, and so has a ready base of potential guests in its guest registry. While the nation's upscale properties have suffered the most overall during the hotel downturn, boutique hotels like these can maintain greater pricing power by offering a more unique experience to guests. The small number of rooms also makes it easier to maintain full occupancy.

Pricing. The pricing environment will remain weak in the near term as the Bay Area economy struggles to get off the ground, and as the nation's travel recovery remains fragile. Hotel room rates will remain under pressure until occupancy rates firm on the shoulders of stronger business and vacation activity. Although this summer's travel season was an improvement over last year, much of this pickup was likely driven by pent-up travel postponed by the war in Iraq. Therefore, to carry over the summer's momentum into the fall and winter, job growth needs to pick up, boosting wages, confidence and spending on travel.

The wine making industry faces an increasingly competitive pricing environment. The U.S. dollar's weakening against the euro has ended, with the Greenback appreciating 4% since June. If the dollar continues to strengthen – as is likely if the macroeconomy continues to pick up – the relative prices of imported wines will come down, undercutting pricing power of California vintages. To the extent that imports crowd out Sonoma County labels at U.S. restaurants and bars, Sonoma County's exposure as a winemaking region and potential vacation destination is reduced.

Pricing power over the longer term depends primarily on the county's ability to differentiate its tourism product from surrounding destinations. This can be accomplished best by developing not just a single activity like winemaking, but all of Sonoma County's tourism assets, including beaches, wineries, specialty foods, golfing, and an attractive climate and natural environment, into a unique basket of activities. Maximizing the attraction of multiple types of vacation activities will not only broaden the tourist base, it will enhance Sonoma County's pricing power by giving the county a unique product to offer travelers.

Operating Expenses. Tight labor markets remain the number one input cost concern for the tourism industry. While job losses outside of tourism have pushed up the county's jobless rate to around 5%, the unemployment rate in Sonoma County has averaged 1.5 percentage points below the national average for the last five years. A shortage of both skilled and unskilled labor plagues the region, putting upward pressure on wages. Low housing affordability (the median-priced home in Sonoma County is roughly half as affordable for Sonoma County residents as the national average) is one factor keeping the availability of labor low.

Marketing expenses will also rise as competition in the wine and tourism markets intensifies. With the Internet making travelers increasingly price-sensitive, the county risks the defection of existing visitors as well as the loss of potential first-time visitors if it does not seek out target markets aggressively through multiple channels.

Energy prices sit above historical norms, contrary to expectations for a return to normal after the Iraq War. The benchmark West Texas Intermediate oil price hovers around $30/bbl, compared with the historical average of closer to $20 to $25/bbl, and natural gas prices are also high. Furthermore, California's energy supply has not kept up with the pace of population growth, and supply remains volatile. Electricity costs have a major impact on the bottom line of large hotels, especially when hotels choose to maintain high occupancy via lower room rates. In the near term, energy prices should remain high, especially given OPEC's recent announcement of plans to trim production quotas by 900,000 barrels per day.

Finally, debt costs also remain high at some wineries due to expansions undertaken prior to the recession.

Profitability. With its foot in a growing niche of the tourism industry, and with significant name recognition and pricing power among upper-income travelers, the outlook for profitability is positive.

Erosion in pricing power due to competition from other upscale resorts in California, however, poses a clear threat to bottom lines. The Carneros Inn at Napa – with its 96 upscale guest cottages – is Napa County's first newly built resort in two decades, and demonstrates Sonoma County is not alone in seeking out high-income travelers.

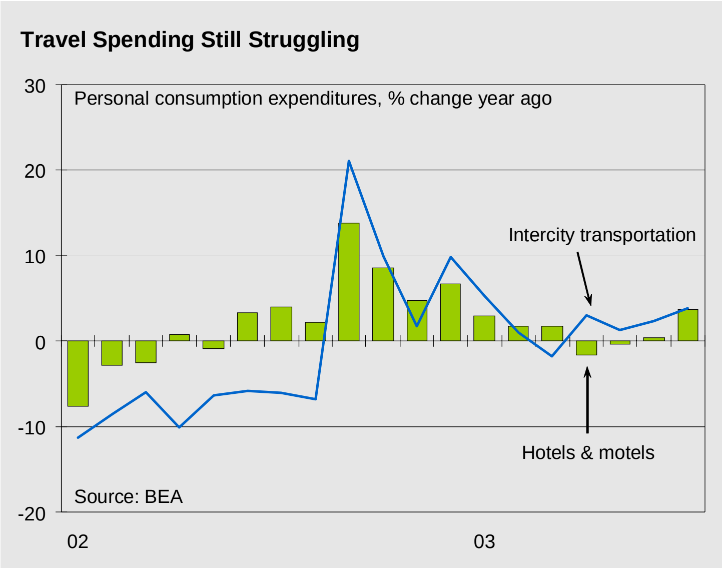
Longer-term risks to profitability include: county building restrictions that help keep the cost of housing (and thus labor) high; an unexpected erosion of market share for Sonoma wines that leads to a falloff in the popularity of traveling to Sonoma County wineries; a sustained spike in energy prices; and a hike in the state's property or business income taxes.

Long-Term Outlook. The industry's long-term outlook calls for healthy, measured expansion on the strength of the county's geographic endowments, name recognition and proven ability to attract investment. That said, an emerging challenge for the county will be to account for changing demographics in the U.S. population. Population growth in the 35 to 54 age cohort, from which Sonoma County draws nearly 60% of its visitors, is decelerating and is expected to drop below zero by roughly 2007. Over the same time period, the 55 and over age group will swell at an accelerating pace. Growth is forecast to average 2.6% annually for the next decade.

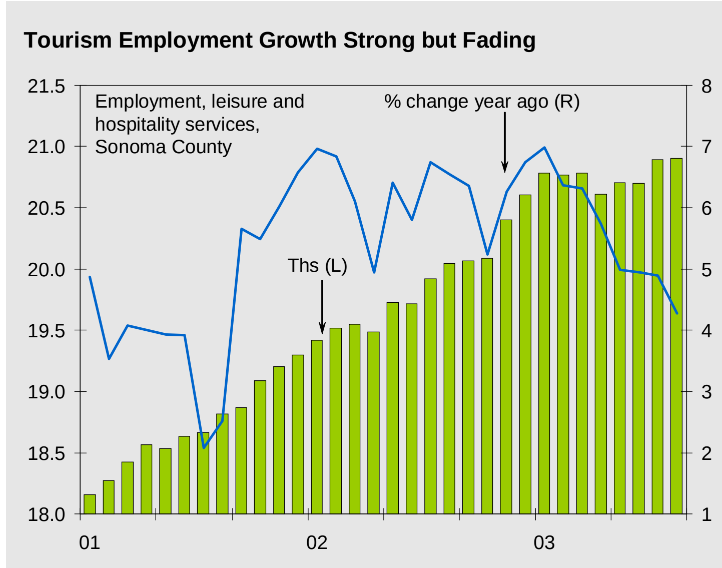
Upside Risks. A brisker than anticipated expansion in the domestic wine-drinking population would boost tourism industry growth above baseline expectations. An increase in housing affordability, a quicker than expected rebound in the Bay Area, and stronger than expected rebound to leisure travel would all bring about better than expected performance.

Downside Risks. A strengthening U.S. dollar makes imported wines relatively less expensive and is therefore a perennial risk to Sonoma County vintners. Overbuilding in the hotel segment could also push hotel profits below expectations. Finally, a longer-term downside risk is a shift in consumer preferences away from wine consumption and winery tourism.

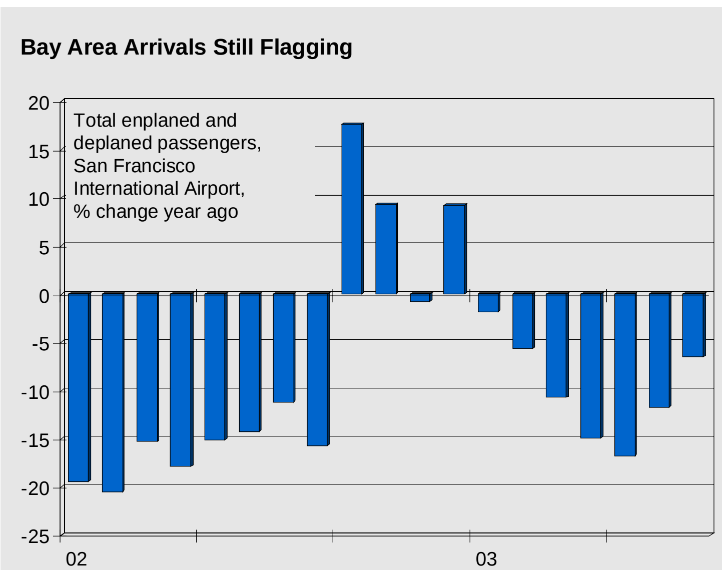
David Givens
September 2003



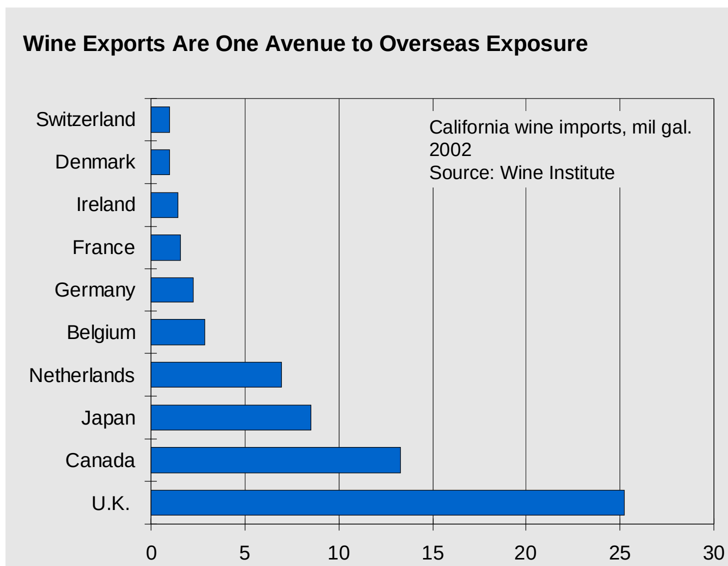
Consumer spending on travel and hotels is advancing, but barely. Windfalls from tax cuts and debt refinancing and modestly better consumer confidence are both encouraging travel, but the lack of improvement in labor markets, coupled with lingering security concerns, still weigh heavily. Consumer confidence and willingness to plan vacations will not pick up robustly until the broader U.S. economy has created jobs for several consecutive months, convincing potential travelers that job security has improved.



The leisure and hospitality industry has been by far the strongest performing industry in Sonoma County since the 2001 recession. While total payroll employment in the county is down by over 3% since the start of 2001, leisure and hospitality jobs are up 15%. Growth is slipping, however, as the Bay Area's recession lingers on, and soft demand keeps pricing power at local hotels to a minimum. Industry payrolls account for over 11% of total employment in the county, slightly higher than the national average.



The collapse of the Bay Area's tech industries continues to take a bite out of air travel to San Francisco, effectively putting a full recovery in Sonoma County's tourism industry out of reach for now. San Francisco, along with Boston, was perhaps the worst hit of any U.S. market by the decline in business travel since the recession and the 9/11 attacks. Better times are ahead for the Bay Area's economy and business travel, but not before technology investment meaningfully accelerates and venture capital funding, which is down or flat since mid-2000, picks up again.



Exporting wine is one way of exposing foreign tourists to the notion of visiting Sonoma County. Sampling a Sonoma wine may be the first exposure a foreign wine drinker has to the region, and so the distribution of exports gives an idea of where exposure is the highest. The U.K. far and away consumes more California wine than any other single country. With the exception of Canada, all of the top 10 importing countries of California wine are in Europe.

SECTION III

SONOMA COUNTY TOURISM PROGRAM STATISTICS

Section III is data on the Sonoma County Tourism Program. These data come directly from the Sonoma County Tourism Program.

Appendix A: Sonoma County Tourism Program

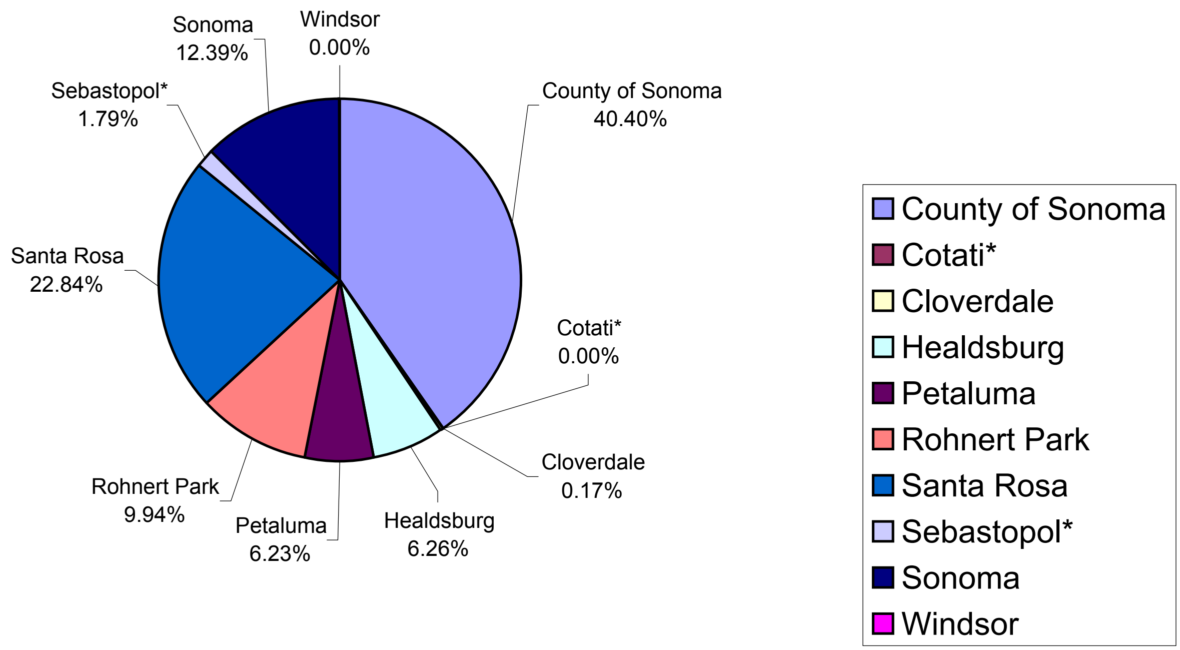
Investors' Participation

	2002 TOT Collected	% of TOT Collected	2002/2003 $ to SCTP	2002/2003 % of TOT	2002/2003 Budget Expenses	County/City Investment Dollars	County/City Investment Percentage
					1,714,367		
County of Sonoma	5,440,596	40.40%	1,338,761	87.01%		1,338,761	78.09%
Cotati*	0	0.00%	2,500			2,500	0.15%
Cloverdale	22,673	0.17%	2,500	0.16%		2,500	0.15%
Healdsburg	842,917	6.26%	10,364	0.67%		10,364	0.60%
Petaluma	838,474	6.23%	25,272	1.64%		25,272	1.47%
Rohnert Park	1,338,508	9.94%	41,184	2.68%		41,184	2.40%
Santa Rosa	3,075,918	22.84%	96,720	6.29%		96,720	5.64%
Sebastopol*	240,670	1.79%	2,500	0.16%		2,500	0.15%
Sonoma	1,668,295	12.39%	10,816	0.70%		10,816	0.63%
Windsor	0	0.00%	8,000			8,000	0.47%
TOTALS	$13,468,051	100.00%	$1,538,617			$1,538,617	89.75%
Private Sector Co-op						$25,750	1.50%
Private Sector Visitors Guide						$150,000	8.75%
Total Budget						$1,714,367	100.00%

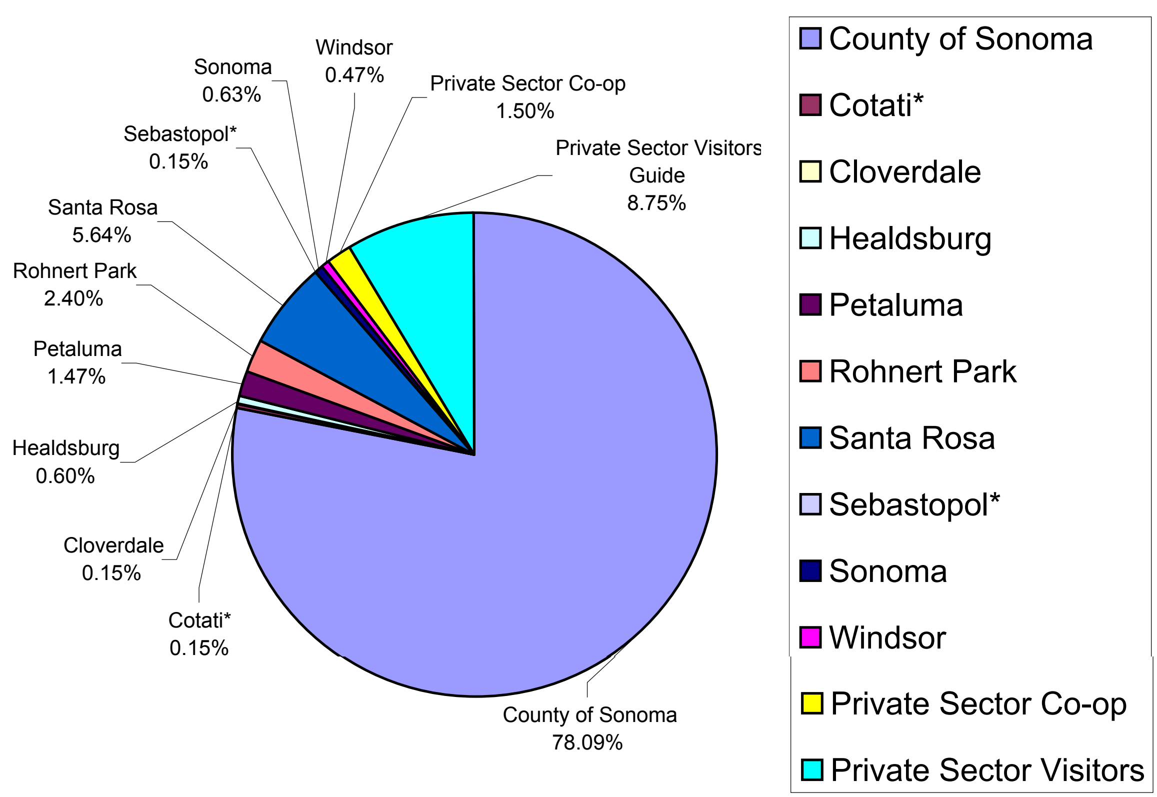
* Revenue Budgeted but not anticipated

Analysis drafted by the Sonoma County Tourism Program based on reports from each jurisdiction.

2002 Sonoma County Total TOT Collections



02/03 County/City/Private Investment



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Appendix B1

OVERVIEW

Sonoma County Tourism Program
2002-2003 Statistical Overview

Advertising

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Audience Reach	491,090	487,078	479,750	800,124	918,420	869,502	5,950,965	4,774,916	4,339,231	3,955,760	586,667	570,000	24,223,502

Public Relations

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Audience Reach	10,081,677	5,012,224	1,666,725	4,345,145	2,154,687	950,536	267,640	2,781,521	30,000	3,661,514	7,550,731	159,427	38,661,827
Advertising Value	$290,884	$286,424	$125,414	$213,600	$119,871	$158,839	$11,683	$187,942	$930	$89,506	$75,600	$24,854	$1,585,546
Group Press Tours-Participants	0	26	50	0	3	0	0	0	0	0	0	0	79
Individual Press Tours-Participants	5	4	2	4	6	11	12	6	12	9	7	4	82
Travel Media Contacts	643	4,439	808	32	36	134	125	134	134	125	76	58	6,744
Travel Media Assisted (added 4/03	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	46	39	35	120
Local Media Contacts	127	95	104	86	92	162	179	78	117	223	70	75	1,408
Travel Media Releases	0	1	1	1	0	0	0	0	0	1	1	3	8
Local Media Releases	0	0	0	0	0	2	3	5	1	3	1	2	17
Community Presentations	2	3	2	1	2	0	0	5	3	3	3	1	25
Press Kits Distributed	26	37	71	203	111	138	34	39	25	20	9	15	728
B-Roll Distributed	0	3	4	1	3	2	3	5	8	9	3	6	47
Images/CD Disk (added 9/02	0	0	46	144	19	53	34	35	19	17	13	15	395

Travel/Trade Sales

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Concierge Contacts	50	50	100	59	47	103	47	63	48	96	0	48	711
Conceirge Fam Participants	0	0	0	0	0	0	0	0	0	0	0	0	0
Tour Operator Contacts	6	0	3	2	2	2	0	19	1	1	249	0	285
Tour Operator Fam Participants	0	0	0	0	0	0	10	0	0	1	0	11	22
Trade Shows Attended/Sales Blitzes	1	1	1	2	1	4	1	1	0	0	3	2	17
Trade Shows/Blitzes Exposure	0	0	0	0	0	0	0	1	0	0	2,522	600	3,123
Meeting Planner Contacts (added 7/02	150	80	350	405	10	915	600	602	360	389	40	450	4,351
Meeting Planner Fam Participants (added 1/03	0	0	0	0	0	0	9	26	0	1	10	0	46

Collateral/Fulfillment

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Visitor's Guide Distributed	7,623	3,855	5,086	5,780	3,533	42,608	21,998	6,753	4,022	7,281	11,595	8,139	128,273
Rack/Map Brochure Distributed	9,667	9,667	9,717	9,717	9,767	9,677	9,687	3,420	11,468	7,728	4,213	6,738	101,466
Web Site # of User Sessions (added 7/02	41,809	44,196	28,971	32,785	16,872	23,947	37,897	32,276	29,815	40,438	16,278	14,511	359,795
Web Site Page Views (Impressions) (added 7/02	30,257	30,202	20,929	38,954	27,181	13,938	39,069	18,736	17,353	28,079	20,217	18,940	303,855
Visitor Special Request (added 7/01	170	124	104	90	52	77	91	71	76	42	62	39	998

Co-Op Outreach

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Contacts with Industry/Community	5,652	5,982	2,903	3,889	2,318	1,043	1,345	4,197	3,037	3,199	2,894	4,603	41,062
Public Mtgs Council/Committee	0	3	0	6	3	1	0	4	2	3	3	0	25
SCTP/SCTC Info Pkts Distributed	25	40	15	12	15	5	8	75	25	20	30	10	280
Research Information Provided	111	83	126	125	16	26	16	77	43	10	10	9	652
SCTP Site Inspections /Fams	5	50	96	2	48	7	17	5	14	3	5	29	281
In-Kind Donation Value	$5,449	$4,202	$241,671	$1,700	$6,668	$12,748	$17,361	$8,691	$11,705	$13,083	$8,975	$7,063	$339,316

	Annual Total Comparison		
	2002-2003	2001-2002	2000-2001
Advertising			
Audience Reach	24,223,502	60,369,920	22,299,580
Public Relations			
Audience Reach	38,661,827	119,389,201	32,091,211
Advertising Value	$1,585,546	$3,617,249	$2,838,635
Group Press Tours-Participants	79	32	25
Individual Press Tours-Participants	82	55	28
Travel Media Contacts	6,744	1,489	1,237
Travel Media Assisted (added 4/03	120	N/A	N/A
Local Media Contacts	1,408	1,514	1,556
Travel Media Releases	8	12	26
Local Media Releases	17	29	47
Community Presentations	25	24	20
Press Kits Distributed	728	380	437
B-Roll Distributed	47	25	32
Images/CD Disk (added 9/02	395	N/A	N/A
Travel/Trade Sales			
Concierge Contacts	711	1,271	1,181
Conceirge Fam Participants	0	18	45
Tour Operator Contacts	285	554	166
Tour Operator Fam Participants	22	37	9
Trade Shows Attended/Sales Blitzes	17	6	5
Trade Shows/Blitzes Exposure	3,123	3,217	2,295
Meeting Planner Contacts (added 7/02	4,351	N/A	N/A
Meeting Planner Fam Participants (added 1/03	46	N/A	N/A
Collateral/Fulfillment			
Visitor's Guide Distributed	128,273	122,873	104,261
Rack/Map Brochure Distributed	101,466	84,515	86,125
Web Site # of User Sessions (added 7/02	359,795	N/A	N/A
Web Site Page Views (Impressions) (added 7/02	273,598	N/A	N/A
Visitor Special Request (added 7/01	998	1,503	N/A
Co-Op Outreach			
Contacts with Industry/Community	41,062	48,002	25,477
Public Mtgs Council/Committee	25	33	31
SCTP/SCTC Info Pkts Distributed	280	322	715
Research Information Provided	652	858	239
SCTP Site Inspections /Fams	281	274	481
In-Kind Donation Value	$339,316	$243,588	$163,253

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Appendix B2

ADVERTISING

Sonoma County Tourism Program

2002/2003 Advertising Estimated Audience Reach

Annual Guides	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Total Ann. Guides
California State Guide	45,834	45,833	45,833	45,833	45,833	45,833	45,834	45,834	45,834	45,834	45,834	45,834	550,000
SFCVB Travel Planner	3,337	3,337	3,337	3,337	3,337	3,337	3,337	3,337	0	0	0	0	26,696
SFCVB Visitor's Planning Guide	0	0	0	0	0	0	0	0	0	0	0	0	0
SFCVB San Francisco Book	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	0	0	0	450,000
REA Adventures Guide	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	0	0	0	90,000
REA Co-Op in Cal State Guide	45,834	45,833	45,833	45,833	45,833	45,833	45,834	45,834	45,834	45,834	45,834	45,834	550,000
REA Co-Op in SFCVB Visitor's Planning	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	33,333	33,333	33,333	16,667	250,000
REA Co-Op in SFCVB Travel Planner	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	0	0	0	0	26,664
Media Total	**175,005**	**175,003**	**175,003**	**175,003**	**175,003**	**175,003**	**175,004**	**175,004**	**185,000**	**125,000**	**125,000**	**108,334**	**1,943,360**

Electronic	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Total Electronic
sfvisitor.org	21,457	21,014	13,044	18,125	13,564	12,961	11,915						112,080
csaa.com										75,000	75,000	75,000	225,000
Travelocity.com	0	0	0	0	0	0	5,719,047	359,119	365,137				6,443,303
visitcalifornia.com	19,462	15,895	16,537	18,164	16,020	14,705							100,783
Electronic Total	**40,919**	**36,909**	**29,581**	**36,289**	**29,584**	**27,666**	**5,730,962**	**359,119**	**365,137**	**75,000**	**75,000**	**75,000**	**6,881,166**

Consumer Magazines	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Total Magazines
Sunset Magazine - SF Metro	0	0	0	0	0	0	0	1,050,000	1,050,000	1,050,000	0	0	3,150,000
Travel & Leisure Magazine	0	0	0	172,000	172,000	0	0						344,000
VIA Co-Op (Nov/Ded Issue)	0	0	0	0	250,000	250,000							500,000
MNI Luxury Network BA Metro	0	0	0	0	0	0	0	802,000	802,000	802,000	0	0	2,406,000
MNI Home Network BA Metro	0	0	0	0	0	0	0	1,300,000	1,300,000	1,300,000	0	0	3,900,000
MNI News Network - SJ Metro	0	0	0	0	0	0	0	451,700	0	0	0	0	451,700
Adlink Fine Living Network - BA	0	0	0	0	0	0	0	592,093	592,093	592,093	0	0	1,776,280
VIA Discover Family Fun											375,000	375,000	750,000
Magazines Total	**0**	**0**	**0**	**172,000**	**422,000**	**250,000**	**0**	**4,195,793**	**3,744,093**	**3,744,093**	**375,000**	**375,000**	**13,277,980**

Gay/Lesbian Segment	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Total G/L
Passport Magazine				125,000		125,000							250,000
California Vacation Planner							11,667	11,667	11,667	11,667	11,667	11,667	70,000
Gay Travel News													0
Gay/Lesbian Segment Total	**0**	**0**	**0**	**125,000**	**0**	**125,000**	**11,667**	**11,667**	**11,667**	**11,667**	**11,667**	**11,667**	**320,000**

Radio	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Total Radio
Gene Burns/KGO	199,333	199,333	199,333	199,333	199,333	199,333							1,195,998
Food & Travel Enthusiasts	75,833	75,833	75,833	75,833	75,833	75,833							454,998
Radio Total	**275,166**	**275,166**	**275,166**	**275,166**	**275,166**	**275,166**	**0**	**0**	**0**	**0**	**0**	**0**	**1,650,996**

Direct Mail Insert Programs	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	
Amex Drive Destinations	0	0	0	16,666	16,667	16,667	0	0	0	0	0	0	50,000
Amex Sfood!		0	0	0	0	0	33,333	33,333	33,334	0	0	0	100,000
DMI Programs Total	**0**	**0**	**0**	**16,666**	**16,667**	**16,667**	**33,333**	**33,333**	**33,334**	**0**	**0**	**0**	**150,000**

Monthly Reporting	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	GRAND TOTAL
GRAND TOTAL	**491,090**	**487,078**	**479,750**	**800,124**	**918,420**	**869,502**	**5,950,965**	**4,774,916**	**4,339,231**	**3,955,760**	**586,667**	**570,000**	**24,223,502**

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Appendix B3

PUBLIC RELATIONS

Media	Date Run	Circulation	Ad Value	Lead Generation
Wine Country Living	July 02	93,000	$22,500.00	SCTP
San Francisco Chronicle	7/7/02	531,350	$497.00	SCTP
The Birmingham News	7/3/02	158,943	$5,432.40	SATW
San Francisco Chronicle	7/12/02	525,369	$22,365.00	SCTP
VIA	July/August	2,630,852	$1,200.00	What's New Press Release/TF(
Country Discoveries	July/August	400,000	)oes Not Accept Advertising	May 2000 Fam Trip
Sunset	July 02	1,448,005	$519.00	SCTP
Meetings West	July 02	19,860	$646.27	Jan 02 Fam Trip
Los Angeles Times	7/7/02	1,369,066	$4,170.00	What's New Press Release
The Wall Street Journal	7/12/02	1,820,525	$173,393.50	SCTP
The Sacramento Bee	7/21/02	357,999	$653.67	BANG
Beverly Press	7/18/02	8,000	$518.00	Dec 2000 Press Trip
The Sun	7/21/02	39,656	$189.09	What's New Press Release
July Total		10,081,677	$290,883.93	
Valued as of	07/15/03			

Media	Date Run	Circulation	Ad Value	Lead Generation
Reunions Magazine	August/September 02	18,000	$3,638.00	Jan 02 Fam Trip
Food & Wine	August 02	861,834	$196,540.00	SCTP & TFG
In Style Magazine	August 02	1,634,320	$29,000.00	New York Media Blitz
KNX Radio Station	8/11/02	1,400,000	Unknown	Jan 01 Fam Trip.
South Bay Accent	August/September 02	182,000	$800.00	Feb 02 Dam Trip
Metro Parents Magazine	August 02	85,000	$2,745.00	SATW
The Montclarion	August 02	30,000	$180.00	BATW
The Observer (UK)	8/18/02	Unknown	Unknown	State of California
KNX1070 Radio	8/11/2002	Unknown	Unknown	Jan 01 Fam Trip.
NAPS Report		801,070	$53,521.41	Mat story
August Total		5,012,224	$286,424.41	
Valued as of	07/15/03			

Media	Date Run	Circulation	Ad Value	Lead Generation
Atlanta Homes & Lifestyles	Sept 02	32,720	$4,680.00	Independent Fam Trip
Sunset	Sept 02	1,448,005	$103,800.00	SCTP
Seattle Pride	Sept 02	50,000	$2,400.00	Gay Press Release
Romantic Country	Sept 02	Unknown	Unknown	SCTP
Pilot Getaway	Fall 2002	Unknown	Unknown	SCTP
Where Wine Country	Harvest 2002	Unknown	Unknown	SCTP
Washington Flyer	Sept/Oct 2002	120,000	$14,220.00	SCTP
Travelocity.com	9/13/2002	Unknown	Unknown	Ad Sales
Gay & Lesbian Times	9/19/2002	16,000	$314.00	Gay Release
KNX1070 Radio	9/29/2002	Unknown	Unknown	Jan 01 Fam Trip
September Total		1,666,725	$125,414.00	
Valued as of	07/15/03			

Media	Date Run	Circulation	Ad Value	Lead Generation
The Sacramento Bee	10/6/02	357,999	$15,470.19	BANG
Quad City Times, Davenport IA	10/6/02	72,069	$1,772.63	MTWA
Plain City Advocate	10/15/02	1,800	$357.00	MTWA
The Richwood Gazette	10/16/02	3,050	$559.65	MTWA
Marysville Journal Tribune	10/16/02	6,202	$711.53	MTWA
Contra Costa Times	10/20/02	197,116	$5,152.93	RFP
Valley Times	10/20/02	42,500	$3,187.50	RFP
Home & Away Illinois & Northern Indiana	Oct 2002	450,000	$26,218.00	Fam Trip May 2001
Home & Away Indiana	Oct 2002	221,000	$13,152.00	Fam Trip May 2001
Home & Away Ohio	Oct 2002	580,000	$29,426.00	Fam Trip May 2001
Home & Away Minnesota	Oct 2002	235,000	$14,232.00	Fam Trip May 2001
Drinks International	Oct 2002	Unknown	Unknown	New York Media Event
Country Living	Oct 2002	1,626,767	$80,215.00	March 02 Fam Trip
Pittsburg Post-Gazette	10/6/2002	418,774	$15,939.30	SCTP
Travel.azcentral.com	10/8/2002	Unknown	Unknown	SCTP
Quad City Times	10/13/2002	51,602	$2,852.50	MTWA
The Madison Press	10/16/2002	6,500	$869.40	MTWA
The Post-Star	10/27/2002	37,383	$1,966.13	TJG Fam Trip Mar 2002
The Post-Star	10/20/02	37,383	$1,518.06	March 02 Fam Trip
October Total		4,345,145	$213,599.82	
Valued as of	7/15/2003			

Media	Date Run	Circulation	Ad Value	Lead Generation
New Horizons	Nov 02	470,440	$9,427.00	MTWA
The Sacramento Bee	11/3/02	357,999	$545.00	BANG
Hoosier Times Outdoors Section	11/3/02	40,064	$1,009.31	MTWA
Island Sun	11/1/2002	12,000	$57.38	MTWA
Arlington Heights Daily Herald	11/17/2002	14,254	$93.80	MTWA
The Washington Post	11/17/2002	1,069,656	$44,424.00	SCTP
San Francisco	Nov 02	133,031	$59,062.08	SCTP
The Post-Star	11/3/02	37,383	$1,952.75	March 02 Fam Trip
Meetings West	Nov 2002	19,860	$3,300.00	SCTP
November Total		2,154,687	$119,871.32	
Valued as of	7/15/2003			

Media	Date Run	Circulation	Ad Value	Lead Generation
Architectural Digest	Dec 2002	821,992	$154,347.00	What's New Press Release
Quad City Times	12/1/02	72,069	$1,181.75	MTWA
Westland Observer	12/22/02	15,850	$1,082.25	MTWA
Plymouth Observer	12/22/02	20,425	$1,088.91	MTWA
Rochester Eccentric	12/22/02	20,200	$1,139.04	MTWA
Passport Newsletter	Dec 2002	unknown	does not accept advertising	MTWA
December Total		950,536	$158,838.95	
Valued as of	7/15/2003			

Media	Date Run	Circulation	Ad Value	Lead Generation
Emerging Horizons	Winter 2003	Unknown	Unknown	BATW Membership
Independent Traveller's USA 2003	Jan 2003	Unknown	Unknown	March 02 Fam Trip
Home & Away Nebraska	Jan/Feb 2003	125,000	$3,368.00	MTWA
Antique Trader	Jan 2003	60,000	$716.25	Feb 02 Fam Trip
Homer Township Star	1/26/03	1,434	$6,142.63	SCTP
The Repository	1/5/03	81,206	$1,455.79	SCTP
Drive (Sabaru Magazine)	Winter 2003	Unknown	Unknown	MTWA
KNX 10.70AM	1/11/03	Unknown	Unknown	Jan 01 Fam Trip
January Total		267,640	$11,682.67	
Valued as of	07/15/03			

Media	Date Run	Circulation	Ad Value	Lead Generation
Los Angeles Times	2/16/03	1,369,066	$132,050.00	SCTP
San Mateo County Times	2/8/03	34,331	$3,517.20	Feb 02 Fam Trip
The Argus	2/9/03	31,585	$2,764.80	Feb 02 Fam Trip
Child Magazine	Feb 03	936,970	$9,610.00	May 01 Fam Trip
The Guardian	2/15/03	409,569	$40,000.00	California Tourism
February Total		2,781,521	$187,942.00	
Valued as of	07/15/03			

Media	Date Run	Circulation	Ad Value	Lead Generation
New Horizons	March 2003	30,000	$929.50	MTWA
Travel Takes	Spring 2003	n/a	n/a	TFG
March Total		30,000	$929.50	
Valued as of	07/15/03			

Media	Date Run	Circulation	Ad Value	Lead Generation
Travel & Leisure	April 2003	950,000	$10,720.00	SCTP
The Clarion Ledger	4/20/03	140,732	$8,704.00	Nov 02 Fam Trip
Fresno Bee	4/6/03	191,361	$12,506.95	SCTP
online article	4/17/03	unkown	unkown	SCTP
Quad City Times	4/13/03	70,853	$1,314.00	MTWA
Boston Globe	4/13/03	705,745	$25,320.00	Nov 02 Fam Trip
Familyfun	4/4/03	1,534,849	$29,248.80	TFG
The Daily News Tribune	4/10/03	47,974	$549.05	SCTP
The New York Sun	4/2/03	20,000	$1,143.00	TFG
April Total		3,661,514	$89,505.80	
Valued as of	07/15/03			

Media	Date Run	Circulation	Ad Value	Lead Generation
Robb Report	May 2003	106,569	$39,805.25	Bodega Bay Lodge & Spa
Successful Meetings	May 2003	75,050	$7,805.00	TFG
The Detroit Jewish News	5/16/03	23,000	$3,062.50	SATW/SCTP
NAPS Report	5/31/03	7,318,112	$23,767.95	MAT Story
Ahwatukee Foothills News	5/7/03	28,000	$1,159.00	TFG
May Total		7,550,731	$75,599.70	
Valued as of	07/15/03			

Media	Date Run	Circulation	Ad Value	Lead Generation
New Horizons	June 2003	30,000	$13,520.00	MTWA
Diablo Magazine	June 2003	38,045	$1,867.00	BANG
Diablo Magazine	June 2003	38,045	$6,720.00	SCTP
Food Industry News	June 2003	23,000	$1,067.00	SCTP
Lavender	June 2003	30,337	$1,680.00	MTWA
June Total		159,427	$24,854.00	
Valued as of	07/15/03			

Month	Circulation	Ad Value	Valued as of
July	10,081,677	$290,883.93	7/15/2003
August	5,012,224	$286,424.41	7/15/2003
September	1,666,725	$125,414.00	7/15/2003
October	4,345,145	$213,599.82	7/15/2003
November	2,154,687	$119,871.32	7/15/2003
December	950,536	$158,838.95	7/15/2003
January	267,640	$11,682.67	7/15/2003
February	2,781,521	$187,942.00	7/15/2003
March	30,000	$929.50	7/15/2003
April	3,661,514	$89,505.80	7/15/2003
May	7,550,731	$75,599.70	7/15/2003
June	159,427	$24,854.00	7/15/2003
Year To Date Total	38,661,827	$1,585,546.10	
Quarter 1 Total	16,760,626	$702,722.34	7/15/2003
Quarter 2 Total	7,450,368	$492,310.09	7/15/2003
Quarter 3 Total	3,079,161	$200,554.17	7/15/2003
Quarter 4 Total	11,371,672	$189,959.50	7/15/2003
Total	38,661,827	$1,585,546.10	

SONOMA COUNTY™

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Appendix B4

VISITOR GUIDE REQUEST

All request for Visitor's Guide
Cumulative Total By State 7/1/02 - 6/30/03

ALPHABETICAL		1st Q Total	2nd Q Total	3rd Q Total	4th Q Total	Annual Total
Alaska	AK	10	10	5	20	45
Alabama	AL	19	20	22	26	87
Arkansas	AR	17	11	14	55	97
Arizona	AZ	83	53	103	225	464
California	CA	957	881	1,159	2,662	5,659
Colorado	CO	54	40	102	160	356
Connecticut	CT	41	36	38	81	196
Dist. Of Columbia	DC	10	9	8	15	42
Delaware	DE	2	6	8	15	31
Florida	FL	133	146	182	347	808
Georgia	GA	42	38	59	131	270
Guam	GU	2	0	0	0	2
Hawaii	HI	20	16	14	44	94
Iowa	IA	33	20	31	60	144
Idaho	ID	9	16	16	36	77
Illinois	IL	168	84	153	333	738
Indiana	IN	55	32	41	83	211
Kansas	KS	25	16	28	60	129
Kentucky	KY	27	16	33	46	122
Louisiana	LA	42	79	36	73	230
Massachusetts	MA	87	60	91	218	456
Maryland	MD	43	45	56	98	242
Maine	ME	8	11	8	26	53
Michigan	MI	73	51	61	135	320
Minnesota	MN	84	41	90	143	358
Missouri	MO	60	29	47	102	238
Mississippi	MS	10	8	13	36	67
Montana	MT	6	0	9	16	31
North Carolina	NC	58	36	58	109	261
North Dakota	ND	3	4	5	12	24
Nebraska	NE	22	11	17	36	86
New Hampshire	NH	10	9	21	30	70
New Jersey	NJ	101	98	118	232	549
New Mexico	NM	12	10	17	40	79
Nevada	NV	39	34	70	115	258
New York	NY	157	127	161	312	757
Ohio	OH	115	73	81	181	450
Oklahoma	OK	25	12	16	40	93
Oregon	OR	37	33	74	109	253
Pennsylvania	PA	113	95	119	237	564
Puerto Rico	PR	1	23	2	3	29
Rhode Island	RI	10	5	23	23	61
South Carolina	SC	17	20	13	44	94
South Dakota	SD	2	4	6	9	21
Tennessee	TN	37	34	44	72	187
Texas	TX	200	108	215	414	937
Utah	UT	19	6	42	47	114
Virginia	VA	66	40	61	141	308
Virgin Islands	VI	1	1	0	2	4
Vermont	VT	4	4	8	14	30
Washington	WA	83	70	137	232	522
Wisconsin	WI	79	56	99	160	394
West Virginia	WV	8	10	8	14	40
Wyoming	WY	1	1	5	9	16
Military	AE/AP	3	3	0	2	8
TOTAL USA		3,343	2,701	3,847	7,885	17,776
CANADA		52	30	52	136	270
OTHER		18	35	27	107	187
GRAND TOTAL		3,413	2,766	3,926	8,128	18,233

SORTED BY VALUE			Annual Total	%
1	California	CA	5,659	31.0%
2	Texas	TX	937	5.1%
3	Florida	FL	808	4.4%
4	New York	NY	757	4.2%
5	Illinois	IL	738	4.0%
6	Pennsylvania	PA	564	3.1%
7	New Jersey	NJ	549	3.0%
8	Washington	WA	522	2.9%
9	Arizona	AZ	464	2.5%
10	Massachusetts	MA	456	2.5%
11	Ohio	OH	450	2.5%
12	Wisconsin	WI	394	2.2%
13	Minnesota	MN	358	2.0%
14	Colorado	CO	356	2.0%
15	Michigan	MI	320	1.8%
16	Virginia	VA	308	1.7%
17	Georgia	GA	270	1.5%
18	North Carolina	NC	261	1.4%
19	Nevada	NV	258	1.4%
20	Oregon	OR	253	1.4%
21	Maryland	MD	242	1.3%
22	Missouri	MO	238	1.3%
23	Louisiana	LA	230	1.3%
24	Indiana	IN	211	1.2%
25	Connecticut	CT	196	1.1%
26	Tennessee	TN	187	1.0%
27	Iowa	IA	144	0.8%
28	Kansas	KS	129	0.7%
29	Kentucky	KY	122	0.7%
30	Utah	UT	114	0.6%
31	Arkansas	AR	97	0.5%
32	Hawaii	HI	94	0.5%
33	South Carolina	SC	94	0.5%
34	Oklahoma	OK	93	0.5%
35	Alabama	AL	87	0.5%
36	Nebraska	NE	86	0.5%
37	New Mexico	NM	79	0.4%
38	Idaho	ID	77	0.4%
39	New Hampshire	NH	70	0.4%
40	Mississippi	MS	67	0.4%
41	Rhode Island	RI	61	0.3%
42	Maine	ME	53	0.3%
43	Alaska	AK	45	0.2%
44	Dist. Of Columbi	DC	42	0.2%
45	West Virginia	WV	40	0.2%
46	Delaware	DE	31	0.2%
47	Montana	MT	31	0.2%
48	Vermont	VT	30	0.2%
49	Puerto Rico	PR	29	0.2%
50	North Dakota	ND	24	0.1%
51	South Dakota	SD	21	0.1%
52	Wyoming	WY	16	0.1%
53	Military	AE/AP	8	0.0%
54	Virgin Islands	VI	4	0.0%
55	Guam	GU	2	0.0%
	TOTAL USA		17,776	97.5%
	CANADA		270	1.5%
	OTHER		187	1.0%
	GRAND TOTAL		18,233	100.0%

Visitor's Guide Request All LocationsJuly 1, 2002 - June 30, 2003

CA	5,659	31.04%
TX	937	5.14%
FL	808	4.43%
NY	757	4.15%
IL	738	4.05%
PA	564	3.09%
NJ	549	3.01%
WA	522	2.86%
AZ	464	2.54%
MA	456	2.50%
All other states	6,322	34.67%
CANADA	270	1.48%
OTHER FOREIGN	187	1.03%
	18,233	100.00%

Visitor Guide Request
California Zip Codes
July 1, 2002-June 30, 2003

	7/1/02 - 7/31/02	8/1/02 - 8/31/02	9/1/02 - 9/30/02	Q1 Total	Q1 Percent of Total	10/1/02 - 10/31/02	11/1/02- 11/30/02	12/1/02 - 12/31/02	Q2 Total	Q2 Percent of Total	1/1/03 - 1/31/03	2/1/03 - 2/28/03	3/1/03 - 3/31/03	YTD Q3 Total	Q3 Percent of Total	4/1/03- 4/30/03	5/1/03- 5/31/03	6/1/03- 6/30/03	Q4 Total	Q4 Percent of Total	Total	Percent of Total
Los Angeles Area	46	58	39	143	14.94%	50	40	30	120	13.61%	40	75	83	198	17.26%	325	164	101	590	22.23%	1,051	18.63%
San Diego	24	18	23	65	6.79%	25	19	16	60	6.80%	12	32	37	81	7.06%	56	64	39	159	5.99%	365	6.47%
San Bernardino	9	12	9	30	3.13%	13	6	6	25	2.83%	8	16	22	46	4.01%	39	37	22	98	3.69%	199	3.53%
Santa Ana	24	28	18	70	7.31%	19	9	15	43	4.88%	10	36	37	83	7.24%	127	75	39	241	9.08%	437	7.75%
Oxnard	7	8	5	20	2.09%	4	3	6	13	1.47%	8	5	8	21	1.83%	33	26	11	70	2.64%	124	2.20%
Bakersfield	7	7	3	17	1.78%	4	2	2	8	0.91%	6	3	3	12	1.05%	15	8	7	30	1.13%	67	1.19%
Santa Barbara	4	6	5	15	1.57%	2	0	1	3	0.34%	1	2	3	6	0.52%	18	7	7	32	1.21%	56	0.99%
Mojave	1	3	1	5	0.52%	3	1	0	4	0.45%	2	3	5	10	0.87%	6	8	4	18	0.68%	37	0.66%
Fresno	11	8	1	20	2.09%	3	3	4	10	1.13%	5	12	9	26	2.27%	14	12	14	40	1.51%	96	1.70%
Salinas	5	3	5	13	1.36%	2	0	1	3	0.34%	0	4	9	13	1.13%	8	9	5	22	0.83%	51	0.90%
San Francisco, Parts 1 &	45	50	30	125	13.06%	36	24	31	91	10.32%	32	47	45	124	10.81%	83	122	67	272	10.25%	612	10.85%
Sacramento, Parts 1 & 2	32	47	22	101	10.55%	33	235	20	288	32.65%	12	46	41	99	8.63%	105	137	51	293	11.04%	781	13.85%
Oakland	45	54	36	135	14.11%	28	32	26	86	9.75%	31	64	83	178	15.52%	84	129	72	285	10.74%	684	12.13%
North Bay, Parts 1 & 2	23	34	22	79	8.25%	13	8	10	31	3.51%	14	37	37	88	7.67%	65	56	40	161	6.07%	359	6.37%
San Jose	26	24	12	62	6.48%	13	8	14	35	3.97%	16	26	41	83	7.24%	63	76	53	192	7.23%	372	6.60%
Stockton	11	11	9	31	3.24%	6	8	6	20	2.27%	7	16	10	33	2.88%	17	24	18	59	2.22%	143	2.54%
Eureka	0	1	1	2	0.21%	1	2	1	4	0.45%	2	2	2	6	0.52%	9	5	4	18	0.68%	30	0.53%
Marysville	2	10	2	14	1.46%	6	12	7	25	2.83%	5	10	6	21	1.83%	16	20	13	49	1.85%	109	1.93%
Redding	3	2	1	6	0.63%	1	0	2	3	0.34%	3	6	1	10	0.87%	9	5	2	16	0.60%	35	0.62%
CA locations NE	1	1	1	3	0.31%	3	5	2	10	1.13%	0	3	6	9	0.78%	2	5	1	8	0.30%	30	0.53%
Military SF	0	1	0	1	0.10%	0	0	0	0	0.00%	0	0	0	0	0.00%	0	0	1	1	0.04%	2	0.04%
Grand Total	326	386	245	957	100.00%	265	417	200	882	100.00%	214	445	488	1,147	100.00%	1,094	989	571	2,654	100.00%	5,640	100.00%

Greater Bay Area

San Francisco	45	50	30	125	13.06%	36	24	31	91	10.32%	32	47	45	124	10.81%	83	122	67	272	10.25%	612	10.85%
Oakland	45	54	36	135	14.11%	28	32	26	86	9.75%	31	64	83	178	15.52%	84	129	72	285	10.74%	684	12.13%
San Jose	26	24	12	62	6.48%	13	8	14	35	3.97%	16	26	41	83	7.24%	63	76	53	192	7.23%	372	6.60%
Greater Bay Area Total	116	128	78	322	33.65%	77	64	71	212	24.04%	79	137	169	385	33.57%	230	327	192	749	28.22%	1,668	29.57%

SONOMA COUNTY

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Appendix B5

WEB SURVEY

Recap of Website data Questions Answered
Period August 24, 2002 - June 30, 2003
Sorted by Number

Q: How did you hear about our website?

	Number	Percent
Search Engine	3,830	56.6%
Other	1,040	15.4%
Visitor's Guide	545	8.1%
Word of mouth/Referral	493	7.3%
Magazine/Newspaper Ad	396	5.9%
Magazine/Newspaper Artic	239	3.5%
Guide Book	167	2.5%
TV Program	38	0.6%
Radio Ad	20	0.3%
Total Count	6,768	100.2%

Q: How many nights do you plan to stay in Sonoma County?

	Number	Percent
More than 3 nights	3,045	46.8%
Two nights	2,164	33.3%
One night	659	10.1%
Day Trip Only	634	9.8%
Total Count	6,502	100.0%

Q. How will you be making your travel arrangements?

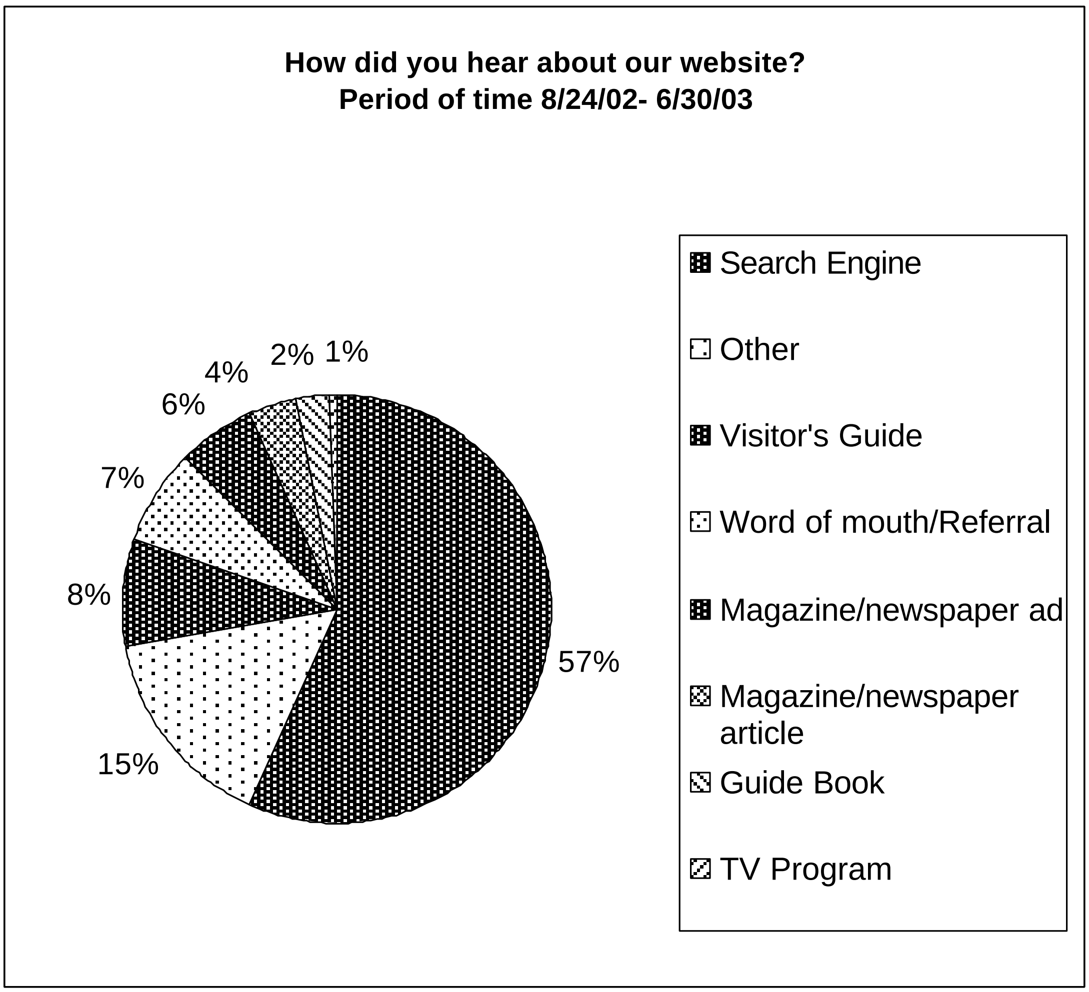
	Number	Percent
Internet	3,718	58.5%
Telephone	1,478	23.3%
Other	604	9.5%
Travel Agent	553	8.7%
Total Count	6,353	100.0%

Q. Are you visiting another destination in Northern California besides Sonoma County?

	Number	Percent
San Francisco	2,359	41.9%
Napa Valley	1,932	34.3%
Monterey/Carmel	467	8.3%
Mendocino County	465	8.3%
Lake Tahoe/Reno	402	7.1%
Total Count	5,625	99.9%

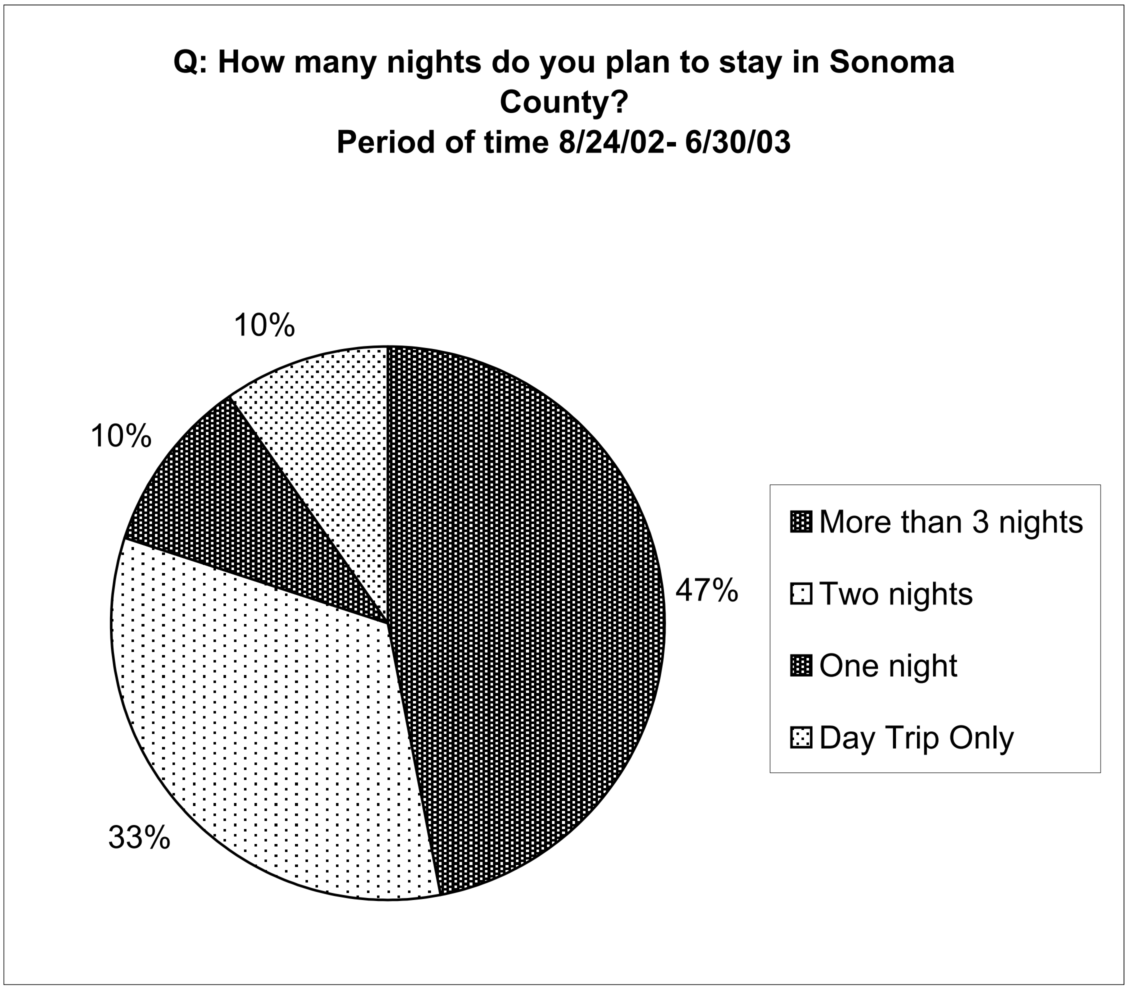
How did you hear about our website?
Period of time covered is from August 24, 2002 to June 30, 2003

Answer	Number	Percentage
Search Engine	3,830	56.6%
Other	1,040	15.4%
Visitor's Guide	545	8.1%
Word of mouth/Referral	493	7.3%
Magazine/newspaper ad	396	5.9%
Magazine/newspaper articl	239	3.5%
Guide Book	167	2.5%
TV Program	38	0.6%
Radio Ad	20	0.3%
Total Count	6,768	100.2%



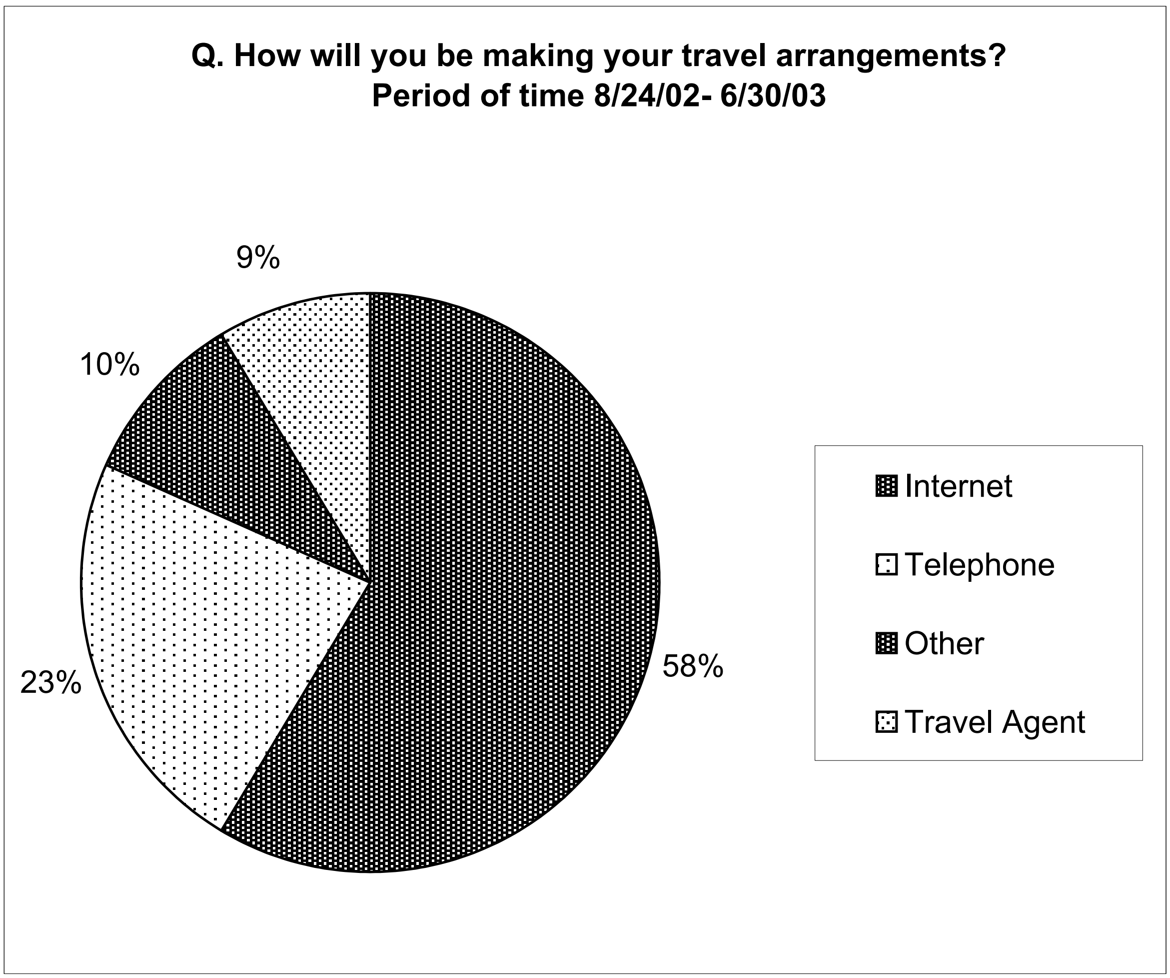
Q: How many nights do you plan to stay in Sonoma County?
Period of time covered is from August 24, 2002 to June 30, 2003

Answer	Number	Percentage
More than 3 nights	3,045	46.8%
Two nights	2,164	33.3%
One night	659	10.1%
Day Trip Only	634	9.8%
Total Count	6,502	100.0%



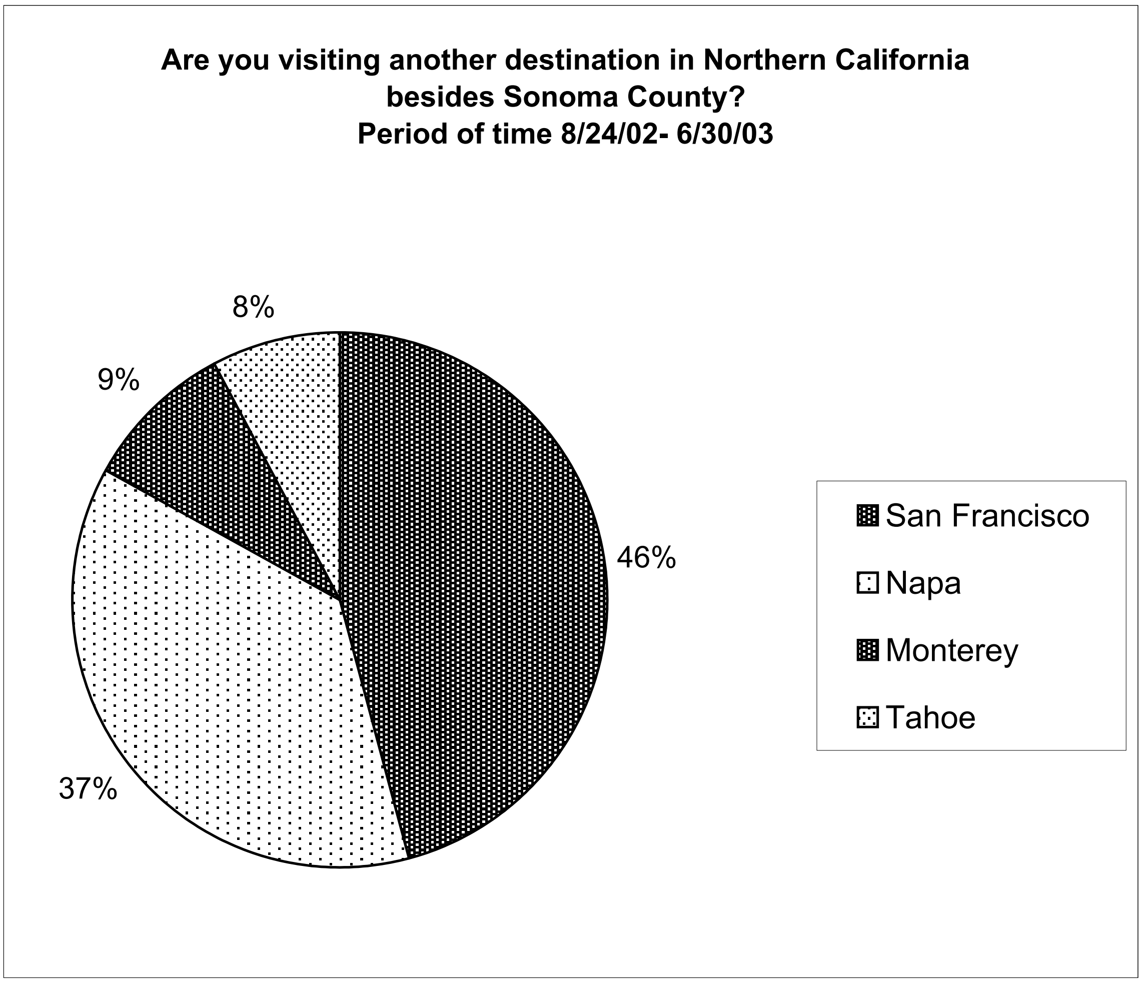
Q. How will you be making your travel arrangements?
Period of time covered is from August 24, 2002 to June 30, 2003

Answer	Number	Percentage
Internet	3,718	58.5%
Telephone	1,478	23.3%
Other	604	9.5%
Travel Agent	553	8.7%
Total Count	6,353	100%



Are you visiting another destination in Northern California besides Sonoma County?
Period of time covered is from August 24, 2002 to June 30, 2003

Answer	Number	Percentage
San Francisco	2,359	45.7%
Napa	1,932	37.4%
Monterey	467	9.1%
Tahoe	402	7.8%
Total Count	5,160	100.0%



Acknowledgements

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The second section of this report is written by Economy.com on behalf of the Economic Development Board.

The cover picture was provided by Mirjam Lutz, the SCTP data was created by Nancy Fuller and the report was prepared by Nikhila Raj and Adam Grosch.

Ben Stone