

January 22, 2024

Hotel Oxbow Economic Impact

By: Stratus Development Partners, LLC

1. Estimated additional minimum annual retail sales within Napa:
 - Total room nights (123 rooms x 365 days) = 44,895
 - 44,895 x 85% (forecasted occupancy rate) = 38,161 net total room nights.
 - 38,161 net total room nights x \$541¹ = \$20,644,966 cumulative per person direct spending in the Napa Valley.
 - 1.75² persons per room per night. 1.75 x \$20,644,966 = \$36,128,690 cumulative annual per hotel guest direct spending in the Napa Valley.
 - 60%³ is the estimated share of cumulative spending in the Napa Valley by Hotel Oxbow guests in the City of Napa.
 - 60% x \$36,128,690 = **\$21,677,214**, the annual economic impact of the Hotel Oxbow on the City of Napa.

2. Estimated additional minimum overnight visitor generated sales tax:
 - 21,677,214 annual economic impact x 7.75% = **\$1,679,984**
 - That's \$1,679,984 in generated sales tax, plus an estimated \$1,831,716⁴ in TOT, plus an estimated \$305,286 in Tourism fees and \$152,643 in estimated Affordable Housing fees per year.

3. **\$25,646,843**. Is the total estimated annual economic impact of the Hotel Oxbow on the City of Napa's economy. (\$21,677,214 guest spending + \$1,679,984 sales tax + \$1,831,716 TOT + \$305,286 Tourism + \$152,643 Affordable Housing.)

Source:

1. \$541. The "NAPA VALLEY VISITOR INDUSTRY, 2018 Economic Impact Report." was prepared for Visit Napa Valley by Destination Analytics, Inc.
 - a. That report indicates that the average hotel guest in 2018 was reported to spend \$446 per person, per day in the Napa Valley.
 - b. According to the US Inflation Calculator, from Coin News Media Group Company, which used the latest US government CPI data published on Jan 11, 2024 to adjust and calculate for inflation through December 2023, the increase in inflation from 2018 to 2024 is 21.3%
 - c. \$446 x 121.3% = \$541.00 estimated per person, per day in direct spending in the Napa Valley by hotel guests in 2024.

2. 1.75 persons per room per night. Based on Stratus Development Partners internal statistics.

3. 60%. The percentage of the cumulative spending by individual hotel guests in the Napa Valley that can be attributed to the City of Napa. This number is an estimate, and probably low, as we were unable to find a definitive metric for spending within Napa by

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Napa hotel guests as a portion of the known spending in the Valley at large. Staying in the city would usually mean that the majority of guest spending in tasting rooms, restaurants, bars and retail would be to the benefit of the City's economy.

4. TOT, Tourism and Affordable Housing taxes and fees are based on an estimated \$15,264,300 in annual gross room revenue resulting from 123 rooms, for 365 nights at 85% occupancy with an expected ADR of \$400 per night.