

2023

# Sonoma County, California, USA Annual Report



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In addition to this year’s Annual Report, the Sonoma Sustainable Tourism Observatory has authored **Through the Fire - Wine Tourism Evolves, Climate Change Response and COVID Brings a New Era in Sonoma California**, which is attached as part of our submission.

## YEAR 5 ANNUAL REPORT 2022

### What were our 2022 Plans and Goals?

The Sonoma Sustainable Tourism Observatory team continues to monitor our region's recovery from social and economic impacts of the global pandemic. As signatories of the [Glasgow Declaration on Climate Action in Tourism](#), we showcase powerful examples of knowledge, actions, and insights in sustainable tourism that have been implemented in Sonoma, including the Petaluma Cool Cities Challenge. In September, founding member Pamela Lanier promoted best practices and innovations in Sonoma tourism at the 6<sup>th</sup> UNWTO Global Conference on Wine Tourism. Our white paper **Through the Fire - Wine Tourism Evolves, Climate Change Response and COVID Brings a New Era in Sonoma California**, which accompanies this report, highlights methods and trends honed in Sonoma that are adaptable to many wine-tourism regions.

As this report will show, Sonoma tourism's recovery in 2022 was tempered by the same economic threats of supply chain shortages, rising fuel and labor costs, and widespread inflation in the wake of Russia's invasion of the Ukraine that also affected many countries. Challenges unique to our region also took a toll. We take this moment to acknowledge Sonoma's wineries and businesses in 2021 and 2022 which ultimately lost their battles against fires, drought, and inflation. We also celebrate the resilience of Sonoma's tourism sector and the truly inspiring commitment of its many stakeholders to make our region a leader in climate action and carbon emission reduction. It is in that spirit that we are proud to convey through our work and advocacy.

### Moving forward into 2023

As Sonoma's tourism recovers from the economic impact of the Pandemic era, it must still contend with the ongoing existential impact of climate change. Our focus on wine-tourism continues to chart climate action strategies Sonoma hotel and restaurant owners, winemakers, and wine venues are adopting, with a focus on those that accelerated during the lockdown and limited operational periods of 2020 and 2021.

We are conducting a comprehensive survey of Sonoma wine-tourism stakeholders on new trends in customer-facing experiences. Our findings, and additional research focusing on demographic shifts in the market audience, will be presented in a contributing chapter of the upcoming book **Tourist Behavior in the New Normal: Implications for Sustainable Tourism Development** sponsored by IUCN WCPA Tourism and Protected Areas Specialist Group. We will be publishing the complete report in November, 2023.

In 2023, we are also committed to refining our data analysis of specific outcomes of climate action trends, including water and energy management, within Sonoma County. In this report, we highlight recent key

legislation at state and local levels, with the goal to monitor the successes or challenges of these initiatives in future reports.

### Population, Geography & Topography

Sonoma County extends over 1,500 square miles and is home to 485,887 people, with approximately 33% of the population residing in Santa Rosa. It is the 17th most populous county in California. (Cubit, 2023)The largest racial/ethnic groups are White at 65.6%, followed by Hispanic at 26.5%, Asian/Pacific Islander at 4.9%, African American/Black at 2.1% and American Indian/Alaskan Native at .09% Median age for residents is 42.5 years. (County of Sonoma, 2022)

Sonoma’s population has declined year after year, from a 2016 high of 502,445. (Data Commons, 2021) According to pre-pandemic projections from the California Department of Finance, county population was projected to grow by 8.3% to 546,204 in 2020. Even so, this rate of growth, which was not met, was less than that projected at 10.1% for California as a whole. This is attributed to several factors, including population demographics and Sonoma’s competitive real estate market, which we examine in more detail in this report. The Observatory will monitor for future growth or decline in this area.

Geographically, Sonoma County features 55 miles of coastline followed by rolling coastal mountains. A deep, flat valley following Highway 101 corridor north-to-south hosts the bulk of the population and metropolitan centers. Continuing east, there are a series of tall, steep, linear mountain ranges, including the Sonoma Mountains, Mayacamas Mountains, and the Girdle, then Napa Valley.

Sonoma enjoys a temperate, Mediterranean climate with warm summers and cool, rainy winters. As the nonprofit environmental advocacy group Sonoma Ecology Center notes “Sonoma Valley’s chief climate hazards are drought, flood, extreme heat, and wildfire, which is projected to increase dramatically over the next 50 years.” (Sonoma Ecology Center, 2023)

### Data Collection

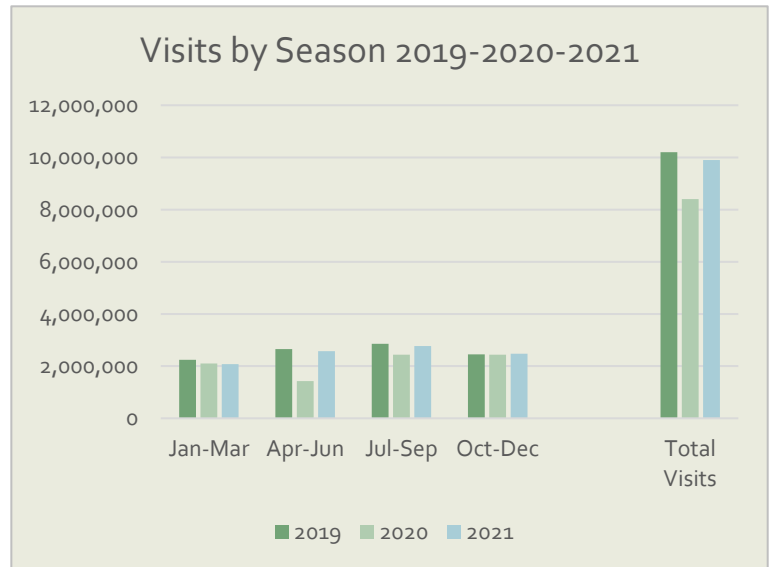
Our statistics are sourced from various public collection agencies at the county, state, and country levels, as well as from colleges and universities, journalists and news outlets, and tourism organizations. Several key reports are released between April and July for the previous year, which means as of our writing in February, full data sets for 2022 are not yet available. This year’s report presents and analyzes 2021 visitor data. In places where 2022 data are available, we will use them.

## ISSUE AREAS

### 1. TOURISM SEASONALITY

Tourism in Sonoma County is a year-round industry with a peak season that begins in May/June and goes through November.

In 2020, we reported that Sonoma County welcomed 8.4 million visitors: 3.6 million overnight and 4.8 million day visitors. In 2021, Sonoma County welcomed 9.9 million visitors: 4.6 million overnight and 5.3 million day visitors. Although 2021 did not surpass 2019's pre-pandemic figure of 10.2 million visitors, it is a positive trend.



Source: Sonoma County Tourism Reports 2020, 2021 and 2022

The key indicator of the sector's recovery is the Apr-Jun quarter. In the 2020 year, it was characterized by lockdowns and early pandemic mandates and represented only 17% of visitors over the year. In 2021, Apr-Jun visitors accounted for 26% of the year's total. Percentages fell slightly year over year in the winter quarters of Jan-Mar and Oct-Dec but given the increase overall, we believe seasonality trends are returning to pre-pandemic norms.

In the 2021-2022 season, business travel recovery lagged behind tourist travel. With that segment's emphasis on indoor conference spaces and meeting rooms, Sonoma venues and event coordinators proceeded with caution and acknowledged trends in a changing workforce that prefers remote work over group meetings favored by senior management. (Sarfaty, 2022)

In June 2022, Sonoma County Tourism commissioned a national survey of 326 meeting planners from publications and event management company Northstar Meetings Group. Results indicated that 67% of the survey responders were not familiar with the region. There is clearly a potential to grow this segment of the market. We will track further developments in this space.

### 2. EMPLOYMENT

Sonoma County ended the year with a low unemployment of 2.9 percent, up from a revised 2.6 percent in October 2022, and below previous year estimates of 3.8 percent. Comparing this to California's unadjusted

unemployment rate of 4.0 and the national rate of 3.4 percent, Sonoma has recovered from its pandemic levels of unemployment, which peaked at 7.5 percent in January 2021.

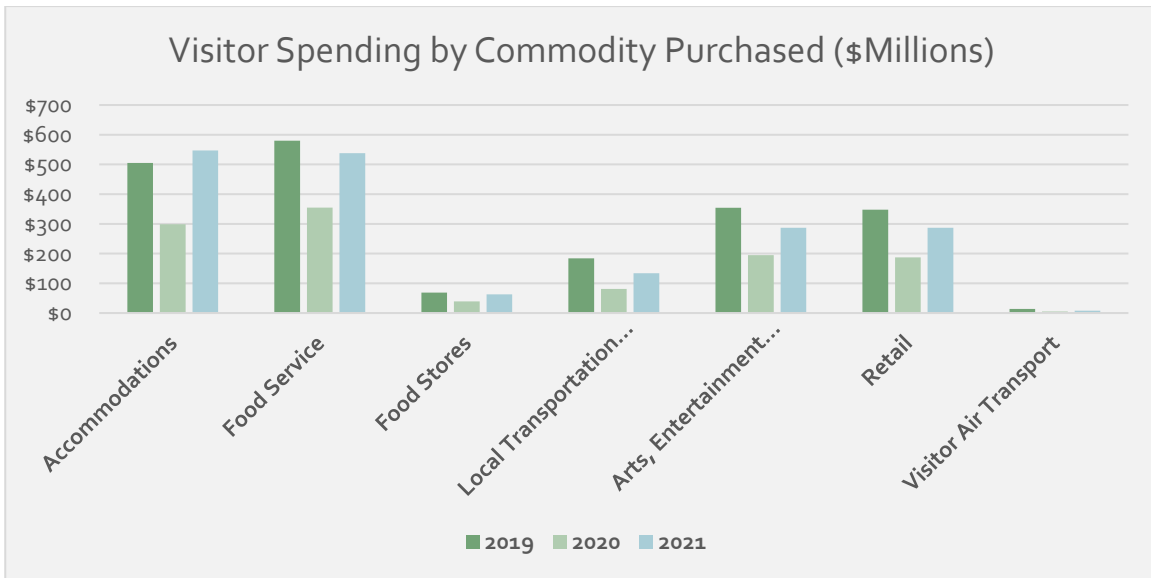
Leisure & Hospitality grew by 10.3 percent in 2022, with 25,700 employed. The Food Services and Drinking Places sector experienced the most growth in all sectors within the year, as dining and bars returned to full service. (State of California EDD, 2023)

As we noted in last year's Report, these low unemployment figures combined with inflationary costs put undeniable pressure on Sonoma businesses in the service and tourism sectors. In December, San Francisco Chronicle journalist Esther Mobley noted "A labor shortage in Wine Country means that employees can command more money, which may lead to price increases; it also means wineries are finding fewer people to employ, which has led many estates to instate by-appointment-only policies, since they can't host as many customers." (Mobley, 2022)

Labor costs were cited as the reason for the sudden closure in December 2022 of Green Strings Farm, 140-acre organic farm and farmstead market, in Petaluma. (Sweet, 2022) In January 2023, Sonoma restaurant chain Mary's Pizza Shack announced the closure of three Bay Area locations, citing "unchanging realities of increased food and labor costs mixed with other compounding issues facing our industry." (Edwards, 2023)

### **3. DESTINATION ECONOMIC BENEFITS**

As predicted in last year's Annual Report, the economic impact of tourism in Sonoma County in 2021 grew significantly over the prior year of lockdowns. According to the **2022 Sonoma County Tourism Annual Report**, direct and indirect spending generated by travel impacts for 2021 was \$1.97 billion, a 58% increase over 2020. Visitor spending rebounded across all categories of the industry, but only accommodations exceeded pre-pandemic levels of spending. (SonomaCounty.com, 2022)



Sources: Dean Runyan Associates, Charles M. Schulz Sonoma County Airport (STS)

Tourists, as well as residents, felt indirect impacts of inflationary costs. In July 2022, Kris Wilson, executive director of Santa Rosa’s Historic Railroad Square Association, summarized spiraling costs in fuel and goods for businesses and consumers alike that, in turn, create demand for higher wages in the service sector. “The bottom line is no matter what business you’re in, costs are going to be passed on to consumers,” she stated. (Quackenbush G. , 2022)

#### 4. GOVERNANCE

The Observatory monitors key legislation at the Federal, State, County and City level agencies in relation to its impact on tourism and climate action.

In 2022, President Biden’s administration passed the **Inflation Reduction Act**, a significant piece of federal legislation that has wide-ranging influence on a number of issues. With an emphasis on promoting emissions-reducing goods and services through tax credits and rebate, this legislation marks one of the first initiatives in climate action at the federal level. Similarly, Biden’s **Infrastructure Investment and Jobs Act**, signed into law in 2021, provided more than \$16.3 billion in federal funding to California.

At state level, 2022 also marked a major commitment to climate action with passage of the **California Climate Crisis Act**, which officially codifies the state’s goal of achieving statewide carbon neutrality by 2045 and net negative greenhouse gas (GHG) emissions thereafter. Other major legislation called for measures to support consumer and corporate adoption of renewable and carbon neutral energy, transition to electric vehicles, and carbon capture technologies. (Sheppard Mullin Richter & Hampton LLP, 2023)

We will cite key legislation at County and City level under the specific areas impacted.

## 5. ENERGY MANAGEMENT

US energy is privately managed, in Sonoma County, by Pacific Gas & Electric (PG&E). It is important to note that, although California's energy market is no longer a monopoly, PG&E maintains ownership and maintenance of all transmission lines in the region. In the aftermath of major wildfires, the company has been targeted with lawsuits claiming that their aging equipment and lines are at fault. The most recent suit was filed last September for the Mosquito Fire. (Rosenblatt & Chediak, 2022)

As the leader in the region, PG&E does initiate clean-energy programs of note, including recently announced plans to partner with Swiss-based energy storage developer Energy Vault to build and operate a utility-scale battery plus green hydrogen long-duration energy storage system to serve 2,000 customers in the Napa county community of Calistoga. (Singer, 2023)

With its stated goal to reach carbon neutrality by 2030, the City of Petaluma launched a transition to clean energy resources in 2020. Initiatives included adoption of LED bulbs for street lights, electrical power requirements for all new building construction, and approval of a 17-acre solar array to be installed at the city's municipal wastewater facility. Additional installations at the city's airport, community center, police station, swim center and community sports fields are also planned.

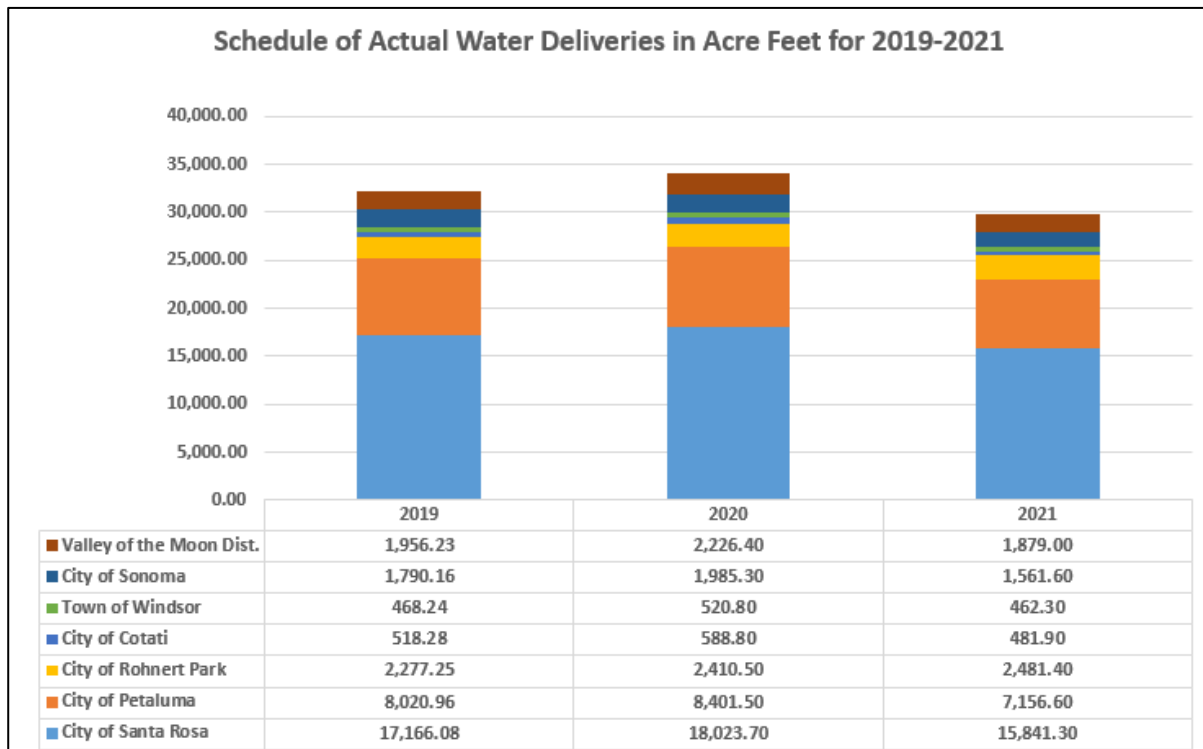
Petaluma is also one of nine Sonoma municipalities to switch to the Sonoma Clean Power Evergreen program, a utility company that offers Sonoma consumers and businesses the option of 100% renewable, locally generated energy. (Burns, 2023) Other Sonoma cities in the program are Cotati, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, and Windsor.

To encourage homeowners and private businesses to adopt green energy alternatives as well, Petaluma has partnered with XeroHome, a web platform that uses predictive modeling and data science to offer customized home energy insights at scale. This program, funded by PG&E, has its pilot launch in Sonoma County in the City of Petaluma. The Observatory will review the success of this initiative in future reports.



## 6. WATER MANAGEMENT

In last year’s Report, we noted that Sonoma County’s water is managed by Sonoma Water, a municipal agency and is a part of the Russian River Watershed. Water use statistics provided by Sonoma Water are not broken out by industry but by regional service areas and are measured in acre feet delivered. One acre foot of water is approximately 32,590 liquid gallons. We have summarized water usage for all major Sonoma service areas for the years 2019-2021 below:



Source: SonomaWater.org Water Delivery Data

According to the Sonoma County Annual Tourism report, occupancy rates increased by 11% in 2021 to an average occupancy rate of 64% over the prior year’s average of 53%. The 2019 average occupancy rate of 78% can be considered a pre-pandemic benchmark. Given the relative stability of visitor percentages in tourism seasonality, data suggests that the daily average of overnight visitors in 2021 was approximately 12,600 or 3% of the total population of the county on any given day.

Converting the usage figures from acre feet to gallons, we calculate that the average Sonoma resident and overnight visitor consumed 6.66 gallons of potable water daily in 2021. Reviewing data from 2020, we calculate that daily rate at 7.37 gallons.

It is notable that although Sonoma’s tourism increased in 2021, water usage declined in all regions over 2020 figures. We believe there are two factors to consider for this finding. In 2020, lockdowns and work at

home affected residents who previously commuted to San Francisco, Marin or the East Bay. Additionally, fire-fighters battling the LNU Lightning Complex fire (Aug-Oct 2020), which was the fifth largest in the state's history, required water supply sources from many Bay Area counties including Sonoma.

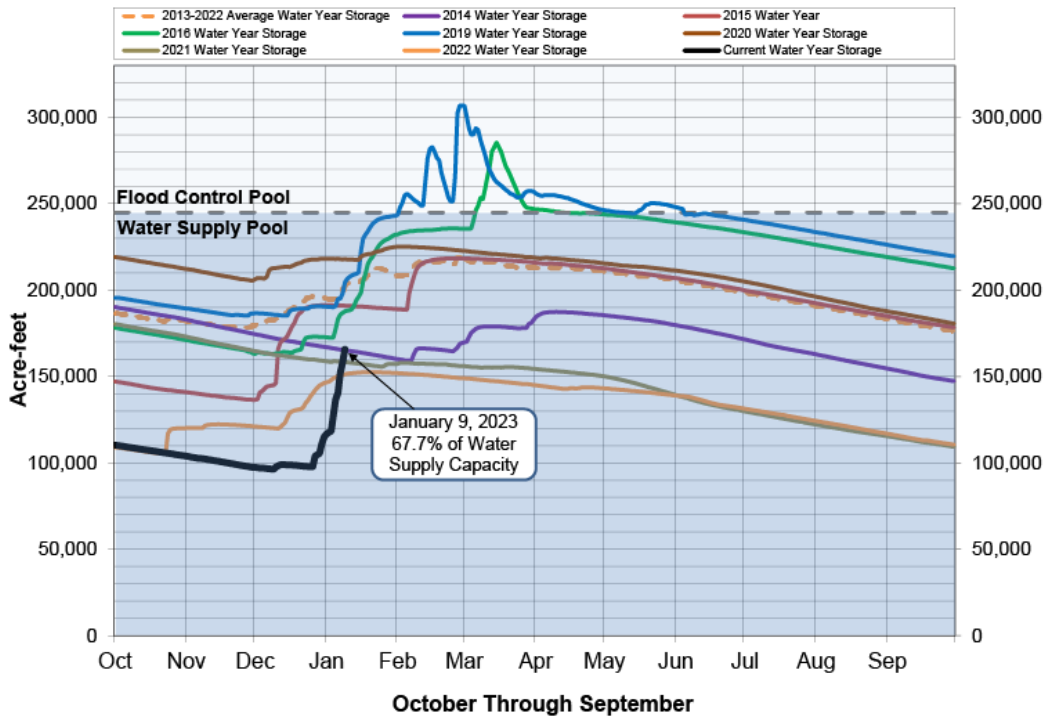
We will continue to refine our analysis of available data to gain more insights into the impact of tourism on Sonoma's water usage, but our initial assessment is favorable. It would seem that tourist venues and businesses are doing their part to conserve water as California enters its fourth year of drought conditions.

### **What is Sonoma Water doing to prepare for a drought?**

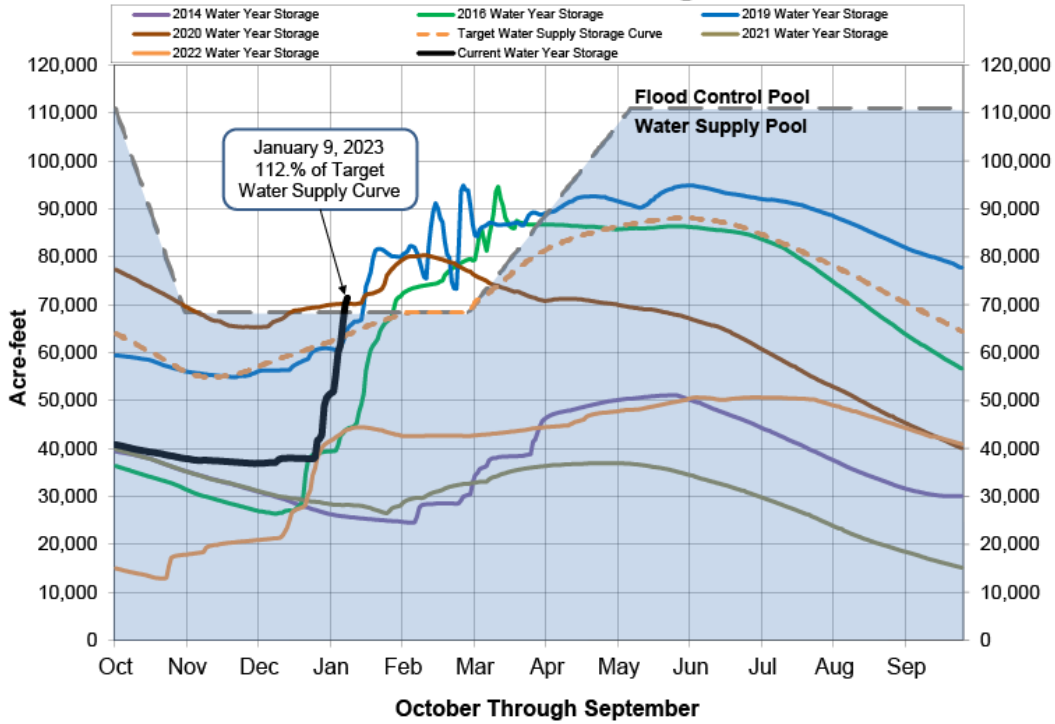
2023 began with a series of intense storms throughout the state. News stories of atmospheric rivers and "bomb cyclones" received national attention. Disastrous flooding, widespread damage and at least 22 fatalities resulted. As our waterlogged state recovers from yet another example of extreme climate, there is growing acknowledgement that our storm water systems are not up to the task of capturing runoff for landscape irrigation or household use. (Bland, 2023) This situation is further exacerbated by a significant rise in ground water which is necessitating additional measures in water treatment. (Duggan, 2023) Only one city in Southern California currently captures urban runoff and much of the water that fell in January has already washed out to the ocean. (Smith, 2023) In many parts of the state, the drought is not over.

In Sonoma, reservoirs did benefit from the rains; however, as the following graphs of current and historical reservoir storage illustrate.

### Lake Sonoma Storage



### Lake Mendocino Storage



Source: SonomaWater.org

Sonoma Water has also collaborated with other stakeholders on a Storm Water Resource Plans (SWRP) for the Petaluma River Watershed and the Sonoma Creek Watershed. The initiative builds on local storm water management objectives to identify and prioritize projects that capture, treat, or reuse storm water runoff.

Sonoma venues and restaurants play a significant role in building and sustaining a culture of water-conservation awareness for our visitors. Hiking trails and parks encourage visitors to bring their own refillable water bottles and provide refill water stations onsite. In restaurants, water is still complimentary but only served upon request. Notices in accommodations and bathrooms prompt visitors to use water-wise practices. For hotel guests staying a second or third night, linens are not changed daily, but upon request. This practice first addressed the risk of daily exposure between staff and guests during the Pandemic, but is now presented as a way that guests can help venues conserve water and lower laundry impacts. (Hertzfeld, 2021)

Cool Petaluma, a grassroots program that encourages climate action activism in neighborhoods and communities, works with the City of Petaluma to provide free water conservation devices. (Cool Petaluma 2030, 2022) Saving water is one of the core missions of the program, which was launched in 2022 and is expanding in 2023.

## **7. SOLID WASTE MANAGEMENT**

January 1, 2022 marked a major development in solid waste management statewide with a law requiring jurisdictions to provide organic waste collection services to all residents and businesses. Known colloquially as the **“California Compost Law,”** it is part of the greater methane emission reduction target strategy outlined in the 2016 Senate Bill 1383, signed by then-governor Jerry Brown. The law impacts individual households as well as businesses, as all are required to separate food scraps, compostable paper products and yard waste from other garbage.

In Sonoma County, community outreach was instrumental in encouraging compliance. Campaigns such as [Sort It, Sonoma](#) in City of Sonoma and [Zero Waste Food Ware](#) in Santa Rosa provided bi-lingual guidelines and even free composting pails for kitchen countertops.

It would be understandable if businesses in the hospitality sector viewed the law, with its requirements of new equipment, staff training, and the tasks of monitoring and separating waste materials, as an additional burden in a year already marked by inflation and labor shortages. But by June, some Sonoma restaurants were reporting just the opposite. Composting volumes of kitchen waste was saving them money, and

downsizing their regular garbage bins, which are charged by size, was a tangible reduction of costs. (Seltenrich, 2022)

As City of Sonoma sustainability coordinator Travis Wagner noted “Properly segregating your organic materials is the easiest and least expensive climate action everyone can do. It will also extend the life of our landfills while creating valuable compost statewide.”

## **8. WASTE WATER (SEWAGE) MANAGEMENT**

It is important to note that much of Sonoma’s waste water infrastructure is more than fifty years old, much of it original construction in requirement of the 1972 Clean Water Act which prohibited raw sewage in America’s waterways.

One of the year’s major regional climate disasters was an algae bloom that turned the San Francisco Bay’s water a murky brown and then littered its shores with dead marine life in late August. Swimming, boating and kayaking activities were impacted as well as any bayside activity in proximity to the odors of decay. Although shifts in climate are likely causes of such blooms, the nutrients in waste water from the 37 sewage facilities in the region that dump their water into the Bay were identified as accelerants of the algae’s growth. (Duggan, 2022) Two of these facilities are in Sonoma County.

Petaluma’s sewage plant contributes a daily flow of 3.28 million gallons and nitrogen load of 12.42 kg per day into the Bay. Southern Sonoma Valley’s sewage treatment represents a smaller amount at 0.7 million gallons, but with a nitrogen load of 18.93 kg per day indicating that improvements to filtration and treatment are needed at this facility.

Beyond playing a role in this current environmental issue, Sonoma County’s aging waste water infrastructure presents a challenge for future growth in tourism as well. Several initiatives are addressing the needed expansions and upgrades. 2022 marked a year of great progress.

In 2003, Sonoma County launched the Sonoma Valley County Sanitation District Sewer Trunk Main Replacement Project, a multi-year initiative to replace its aging sewer trunk mainline. Originally planned with three-phases of construction, the project has expanded and Phase 4C launched in April 2022. To date approximately 1.8 miles of existing 21-inch diameter sewer trunk main originally constructed in 1958 have been replaced with a new 27-inch diameter main. (Sonoma Water, 2022)

In western Sonoma, the Russian River region is popular with locals, day visitors and vacationers who stay in the many vacation rentals and accommodations in the region. But a significant number of homes and businesses in several lower Russian River communities rely on onsite wastewater treatment systems for

treatment and disposal of septic waste, which poses the risk of discharging inadequately treated wastewater into the River and its tributary creeks. In June 2022, the Sonoma County Water Agency Board of Directors approved a study of wastewater options to address the issue. Community input will be provided by the Lower Russian River Wastewater Citizens Advisory Group (CAG) in conjunction with an inter-agency team of key stakeholders. (County of Sonoma, 2022)

The City of Santa Rosa is launching a sewer trunk main replacement of a 66-inch diameter concrete pipe that runs waste water to the Laguna Wastewater Treatment Plant as well. Funds for the project were secured through the federal Water Resources Development Act and work will begin in 2023. (Pineda, 2023)

The Observatory is closely following these initiatives.

## **9. ACCESSIBILITY**

There were several significant developments in accessibility issues in Sonoma County in 2022. They impact both visitor and resident experiences of Sonoma's amenities.

In addition to Americans with Disabilities Act (ADA) which is federal law, California continues to expand state oversight of the Web Content Accessibility Guidelines (WCAG) 2.0, standards established by the Web Accessibility Initiative (WAI) of the World Wide Web Consortium. In 2019, the state passed Assembly Bill 434 which required state agency websites to demonstrate compliance with WCAG. State parks and historic landmark sites would be included in this category. In 2022, Assembly Bill 2917, which aims to help educate private businesses about how to make their websites, parking lots, and other exterior paths compliant with federal and state laws, passed with an overwhelming majority. It went into effect January 1, 2023.

Petaluma River Park, which is currently in funding and development stages under the leadership of non-profit **Petaluma River Park Foundation**, has announced future plans for 2,000 ft. of ADA compliant trails to connect with accessible trails on city owned Steamer Landing Park. (Petaluma River Park Foundation, 2022)

In early 2022, Sonoma Ecology Center, through its volunteer program Team Sugar Loaf, launched a limited mobility hiking program and promoted access to Sugarloaf Ridge State Park for people of many different physical abilities. The program increased ADA access trails, campsites and events at the park. (Sonoma Ecology Center, 2023)

In April 2022, several Napa and Sonoma wineries were named in lawsuits filed by the Center for Disability Access, a division of San Diego-based civil rights law firm Potter Handy LLP. Given that wineries accelerated their online retail offerings during the Pandemic, this increase of lawsuits could be considered a natural

outcome; however, the bulk of the lawsuits filed so far have been on behalf of one plaintiff. (Quackenbush J. , 2022)

In June 2022, some Sonoma Plaza restaurants began removing their pandemic-era “parklets” that initially provided curbside dining during the times when only outdoor dining was permitted. Sonoma City Council approved the use of parklets as part of its Al Fresco program in May 2020, with minimal requirements. Two years on, businesses and patrons now recognize that some safety and ADA issues aren’t properly addressed. (Walsh, 2022) In September, the Sonoma City Council voted 3-2 to end the program and the last of the parklets was removed in October.

## **10. CLIMATE ACTION**

Sonoma government and nonprofit organizations continued to lead in initiatives to address climate change. In 2021, Petaluma City Council made international headlines when it banned the construction of new gas stations within city limits. A community organization, Coalition Opposing New Gas Stations (CONGAS), has lead public advocacy on the issue. By the end of 2022, nearly half of Sonoma County has followed with similar bans, including the greater metro area of Santa Rosa. (Guevarra & Montecillo, 2022)

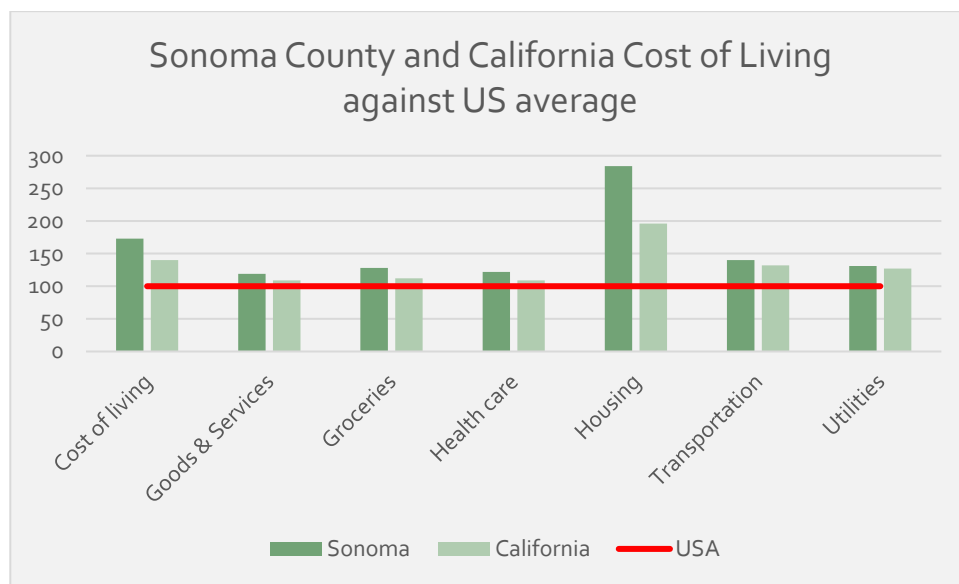
In response to widespread damage caused by the Glass Fire in 2020, Sonoma Ecology Center relaunched its Watershed Protection Program in order to keep toxins from burned structures out of local waterways in 2022. The program, which coordinates efforts of landowners and volunteer crews, was first developed in response to the wildfires of October 2017 and aims to prevent the heavy metals, asbestos and nitrates from the debris of burned structures from being washed into streams by rainwater. (Sonoma Ecology Center, 2023) In 2022, community clean-up efforts focused on the watersheds of Sonoma Creek, Santa Rosa Creek and Mark West Creek.

The Agricultural Access Verification Card Program, launched countywide in June 2022, is another initiative responding to the existential threat posed by reoccurring wildfires to agricultural producers and their livelihood. Adopted by the Sonoma County Board of Supervisors, the resolution creates a verification card program designed to allow operators and full-time employees “safe access to areas under evacuation orders so that agricultural operators can evacuate, transport, shelter, feed, water, and administer veterinary care to livestock; irrigate crops; fuel emergency generators or provide auxiliary support to emergency personnel.” (County of Sonoma, 2022) This initiative was guided by The Board of Supervisors Ad Hoc Committee, which was created in February 2022 to identify efforts to address evacuation zone access with a focus on farmworker protections. We will continue to monitor this issue in 2023.

In November, Sonoma County received an award of \$5.7 million from Federal Emergency Management Agency (FEMA) through the California Office of Emergency Services for Wildfire Resilient Sonoma County. The program addresses structure hardening, defensible space, and vegetation management in three rural project areas in the west of the County, including Guerneville, Guerneville and Rio Nido. It is one of only two such nationally funded wildfire risk reduction programs to date. (PermitsSonoma.org, 2022)

## 11. COST OF LIVING

Cost of living indices are based on a US average of 100. An amount below 100 indicates a less expensive region and above 100 indicates a more expensive region than the US average.<sup>1</sup>



Sonoma County continues to be an expensive region for residents and visitors. Housing, in particular, is 2.5X more expensive in Sonoma than the rest of the nation. Notably in 2022, rising mortgage interest rates flattened Sonoma’s housing market, but did not result in a decrease of median price. (Quackenbush G. , 2022) During the 2020-2021 market, Sonoma real estate became a popular relocation choice. Many former tourists opted to become permanent residents, including wealthy retirees and Bay Area workers transitioning to remote work during the pandemic.

<sup>1</sup> Cost of living data is derived from the Council for Community and Economic Research (C2ER) for 2020 and we utilized two sources who analyzed the raw data: [www.areavibes.com/sonoma-ca/cost-of-living/](http://www.areavibes.com/sonoma-ca/cost-of-living/) and [www.bestplaces.net/cost\\_of\\_living/county/california/sonoma](http://www.bestplaces.net/cost_of_living/county/california/sonoma).



In 2022, modest year over year declines in Groceries, Health Care, Transportation and Utilities were able to offset increases in Goods & Services for residents, but tourists felt the impact of global rising costs in gas and airfare as well as local costs in food and lodging. By the end of the year, wine-tourism in particular came under scrutiny from journalists and consumers alike for its steep increase of prices. (Mobley, 2022)

## **12. LOCAL SATISFACTION WITH TOURISM**

In the statistics we have presented in this report, we note that accommodations revenue exceeded pre-pandemic levels, while actual visitor numbers did not. In numbers, we welcomed fewer visitors but they paid higher prices. This did not go unnoticed, particularly in the Bay Area, where the populace is a key demographic of daytrip visitors. Journalism throughout the year tracked a growing discontent with the rising costs of visiting Northern California wineries and regions. In September, the San Francisco Chronicle reported that wine country tourism was unusually quiet, particularly in comparison to surge of visitors in the initial reopening of the summer of 2021. (Lander, 2022) Scathing public response from Bay Area readers made it clear that rising prices in tasting rooms and appointment-only options were to blame. (Lander, 2022)

In Healdsburg, local satisfaction with tourism became a political issue during a City Council race, with candidates weighing in on the future of a Wine and Food Festival that launched in May 2021 with some tickets running to the \$10,000 price point. During their campaigns, council members Ron Edwards and Chris Herrod spoke directly to the need for tourism events to not negatively impact civic resources and to be accessible to residents. (Joyce, 2022)

Some Sonoma venues are already taking the lessons of 2022 to heart and pivoting to more accessible and affordable experiences, including serving wine by the glass or bottle, wines paired with more casual dining fare and sampling menus, informal happy hours, local music evenings, and cultivating family friendly atmospheres where food must be sold when children are present. (Lander, 2023)

Evolving wine-tasting experiences and future of the appointment model in wine-tasting rooms, which does have a nuanced role to play in the industry, is the focus of our active research. As noted in our goals for 2023, we are currently conducting a survey of winemakers and key stakeholders and will report our findings in future reports.

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