

TOT & THE CITY: A GOOD IDEA OR NOT? by Sandra Ericson

FISCAL IMPLICATIONS -- From the Doumani Project Application Submitted to the City:
“Hotels can generate significant Transient Occupancy Tax (TOT) for a City. Preliminary estimates of the projected TOT revenue to the City from a hotel of the type and size proposed are in the range of \$1.9 million to \$2.2 million per year, depending on the average room rate and occupancy.”

ACTUAL TOT (TRANSIENT OCCUPANCY TAX) BENEFIT TO CITY:

Example: Doumani Hotel
84 ROOMS

Using Solage which is their stated comparison property, then: \$700/NIGHT IN PEAK SEASON -- \$480 NON-PEAK, YEAR AVER. = \$590. USING NAPA COUNTY AVER. OF 65% OCCUPANCY (55% is average in St. Helena), WHICH IS 55 ROOMS OF 84 PROPOSED.
(From: Napa County statistics on average County occupancy and City of St. Helena Transient Occupancy Tax/NVTID Cash Flow Projections Fiscal Year 2011/2012).

Therefore: 365 DAYS/YEAR X 55 ROOMS = 20,075 ROOM/NIGHTS @ \$590 AVER. PER NIGHT = \$11,844,250 X .12% TOT ASSESSED = \$1,421,310 FOR ALL ROOM/NIGHTS PER YEAR.

Question: What expenses such as public services of fire and safety, traffic, water used, waste water, street expenses and public inspections required which are generated by the hotel will be covered by this income? Is this a positive cash flow or not? Is it enough?

Links to Tourism politics articles:

1. June 27, 2014, 4:45 pm

[Napa Valley tourism up 62% from low during recession](#)

Visit Napa Valley will seek 10-year extension of tourism district

By Dan Verel, Business Journal Staff Reporter

2. June 21, 2014 8:45 pm • By Janelle Wetzstein, NV Register

Tourism in Napa County booms, but why? (Includes Visit Napa Valley salaries; be sure to check out the comments)

http://napavalleyregister.com/news/local/tourism-in-napa-county-booms-but-why/article_eafee8e8-ae64-5c23-a521-1392d5e94e3e.html

If these calculations are incorrect for any reason, I would greatly appreciate the correct calculations. SE.