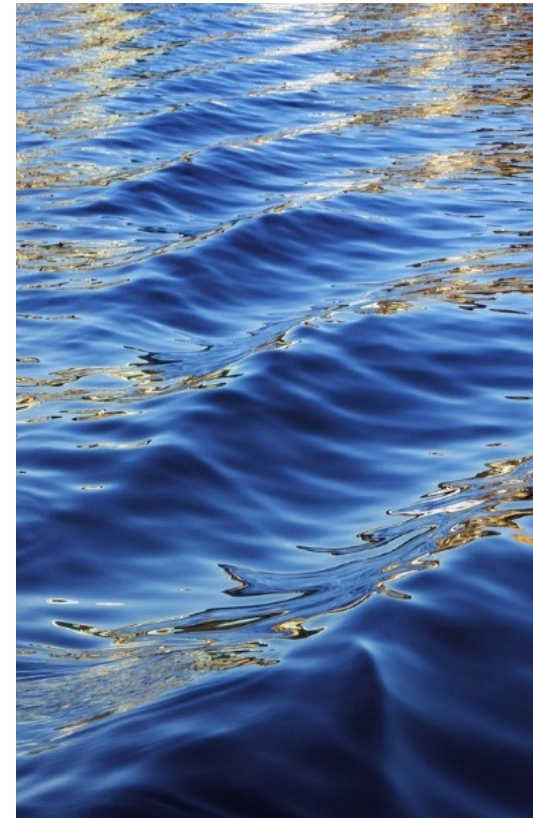


# Hotel Occupancy and Water Demand on the Monterey Peninsula

Item 6  
General Manager's Report  
January 27, 2025

David J. Stoldt  
General Manager



# Monterey County Convention and Visitors Bureau

---



# U.S. Occupancy is Back to Pre-COVID Level

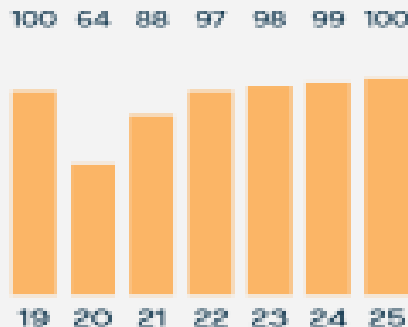
## National Travel Indicators & Forecasts

### U.S. Hotel Forecast

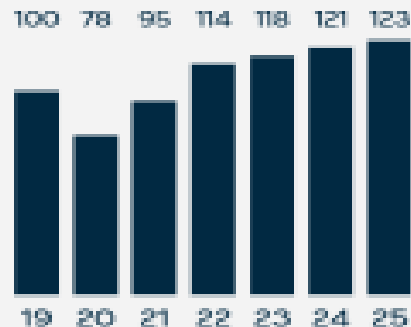
While 2024 U.S. hotel occupancy has not returned to 2019 levels, average daily rates are more than 20% higher. With this, RevPAR for the year is expected to end 16% higher than in 2019. This 3% year-over-lift is due primarily to continued increase in rates.

For the coming year, occupancy is expected to reach pre-COVID levels for the first time at a national level. Combined with continued increases in rates, total RevPAR is expected to be 19% across the U.S. in 2025.

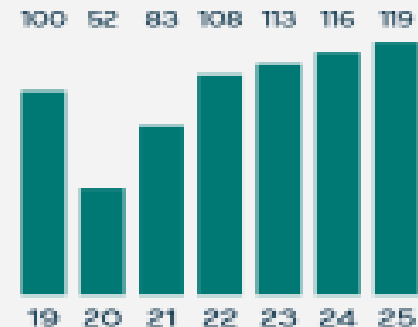
**Occupancy Index**  
Index (2019=100)



**ADR Index**  
Index (2019=100)



**RevPar Index**  
Index (2019=100)



Note: RevPar reflects standard methodology. Source: STR; Tourism Economics

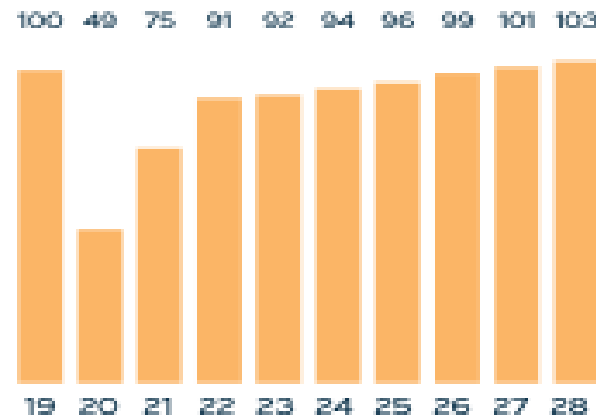
# California Lags by 6% v. Pre-COVID

## California Travel Indicators & Forecasts

### California Visitor Forecast

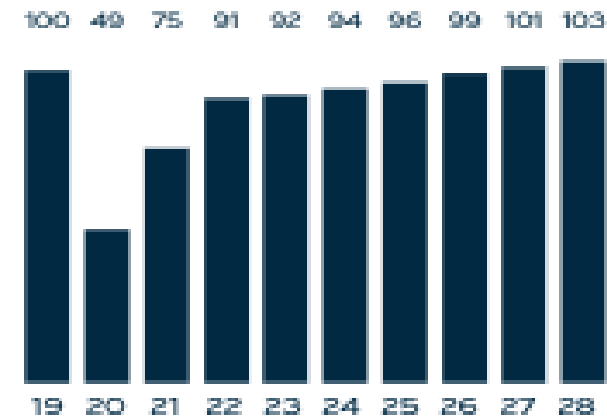
While hotel occupancy across the U.S. is anticipated to be off just 1% for calendar year 2024, Tourism Economics forecasts the state of California will see visitor volume 6% lower than pre-COVID levels. While other destinations have been able to overcome continued declines in volume through price increases, California's visitor spending is not anticipated to meet or exceed the 2019 baseline until 2027.

California Visitor Volume Forecast  
(% relative to 2019)



Source: Visit California & Tourism Economics

California Visitor Spending Forecast  
(% relative to 2019)



Source: Visit California & Tourism Economics

# Monterey Occupancy Off 8% from Pre-COVID

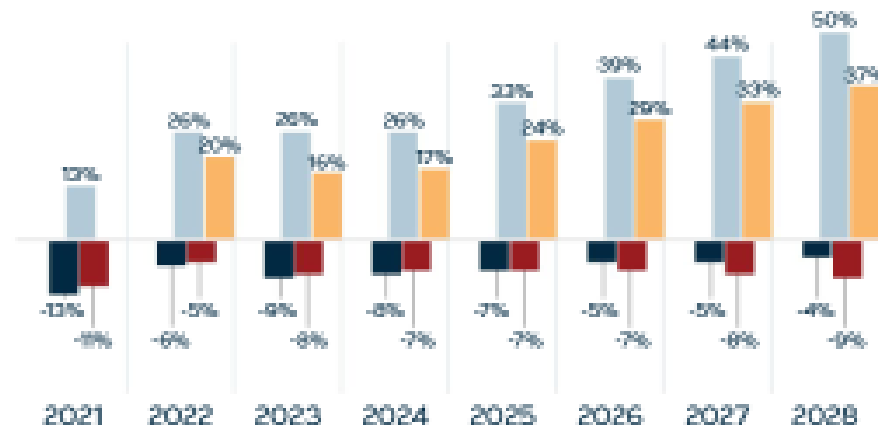
## Monterey County Travel Indicators & Forecasts

### Monterey County Hotel Forecast

While Monterey's hotel recovery remains below the U.S. average, it is exceeding California's performance overall. For the calendar year, Monterey's occupancy is 8% off that of 2019, while California's occupancy is 13% lower. While the state's ADR has increased 12%, Monterey's is 26% higher. Overall, Monterey's 2024 RevPAR is expected to be 17% higher than in 2019, exceeding the U.S. average of 16%. For 2025, there is little change expected in occupancy. However, rates will continue to rise and produce a 24% higher RevPAR than pre-COVID.

### Monterey Hotel Forecast (% Change Against 2019)

- Business
- Leisure
- ADR
- RevPar



Source: Lodging Analytics Research & Consulting & Costar

# Tourism Improvement District Data

---

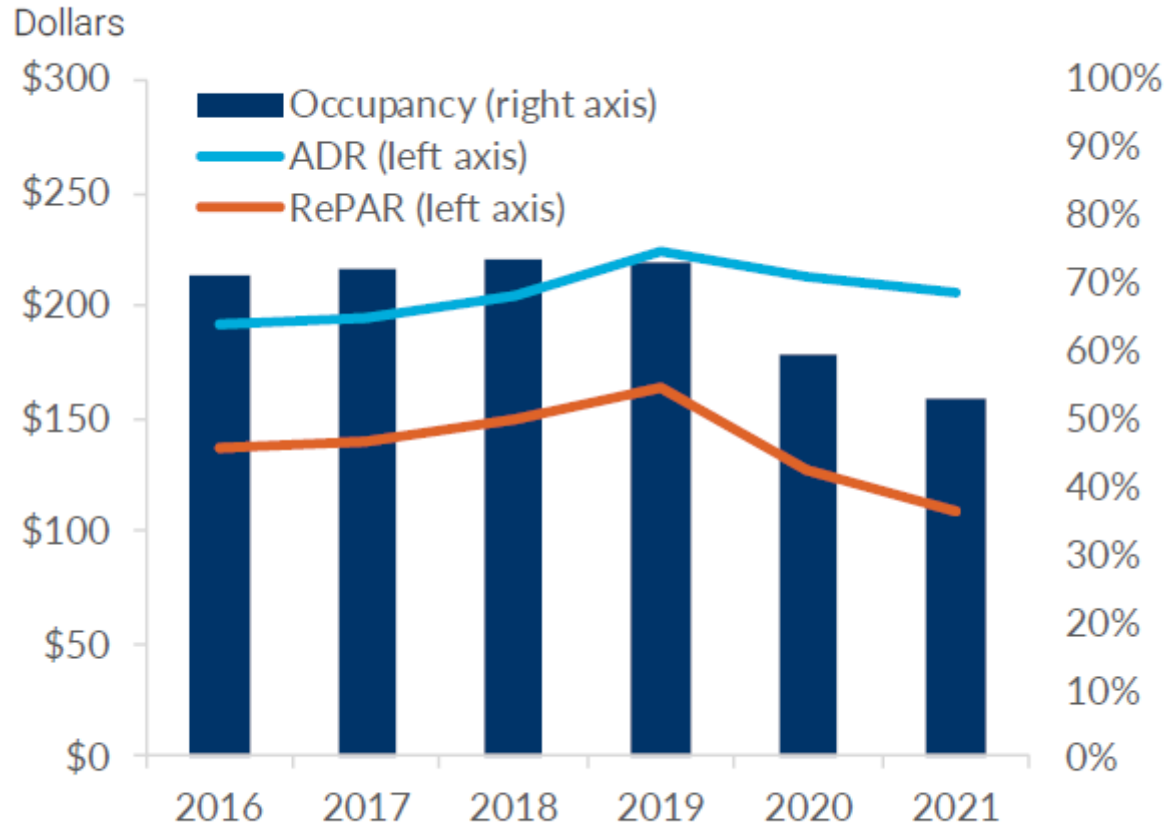
**2023-2033**



**MONTEREY COUNTY  
TOURISM IMPROVEMENT DISTRICT  
MANAGEMENT DISTRICT PLAN**

# Monterey “Normal” Occupancy is 73%

Hotel sector KPIs in Monterey County



Source Dean Runyan Associates



# Monterey Occupancy Pre-COVID was Near-Full

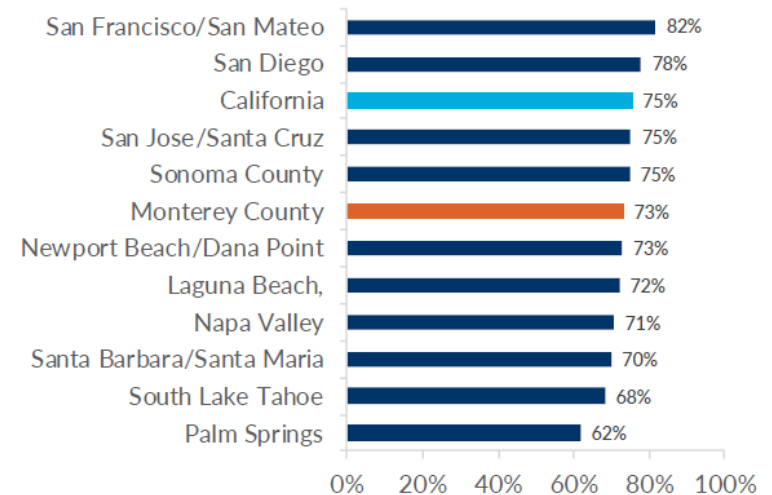
## Monterey's pre-pandemic occupancy rate was nearing full capacity.

This section reviews ways to increase the economic impact of tourism given current supply constraints

While a 73% occupancy rate may leave an impression that there are numerous available rooms, this is close to full capacity for a leisure destination. It is rare to see non-urban destinations (cities fill weekdays and 'low' seasons with business travelers) maintain annual occupancy rates above 75%.

Therefore, increasing the economic impact of tourism in Monterey County largely depends on some combination of increasing room inventory, increasing visitor spending per booked room, and filling out the shoulder periods (especially weekdays).

Occupancy rate in Monterey County and competing destinations, FY2019



Source: STR



# Occupancy Rates Vary by Season

## MCCVB is also well-positioned to increase off-season bookings.

While Monterey's 73% annual occupancy rate is quite high for a non-urban leisure destination, MCCVB can realize the opportunity to increase low-season bookings.

If the six low-season months (average occupancy 64%) matched the occupancy rate of the six high-seasons months (80%), Monterey would see an increase of 354,000 rooms booked—a 10% increase over its current total.

Seasonality and potential new booking in Monterey, 2019

	Rooms booked	Occupancy rate	Potential new bookings*
Jan	214,000	56%	93,000
Feb	215,000	64%	53,000
Mar	253,000	68%	44,000
Apr	277,000	75%	18,000
May	290,000	76%	--
Jun	302,000	82%	--
Jul	319,000	84%	--
Aug	317,000	83%	--
Sep	291,000	79%	--
Oct	295,000	77%	--
Nov	248,000	67%	49,000
Dec	210,000	55%	97,000
<b>Total</b>	<b>3,231,000</b>		<b>354,000</b>

Sources: STR; Tourism Economics

\*Potential new room bookings if these months could match the high-season occupancy rate of 80%.

# City of Monterey Occupancy Pre-COVID

---

## AVERAGE OCCUPANCY RATES\*

	<u>Jul/Aug</u>	<u>Sep/Oct</u>	<u>Nov/Dec</u>	<u>Jan/Feb</u>	<u>Mar/Apr</u>	<u>May/Jun</u>	<u>Annual Average</u>
<b>2015/16</b>	88.9%	81.0%	59.6%	62.5%	74.0%	81.9%	74.8%
<b>2016/17</b>	90.9%	83.1%	62.5%	61.5%	75.5%	81.9%	75.9%
<b>2017/18</b>	88.5%	82.9%	63.0%	64.7%	74.5%	81.9%	75.9%
<b>2018/19</b>	90.7%	81.7%	63.2%	63.0%	75.9%	81.7%	<b>76.0%</b>

# City of Monterey Occupancy Post-COVID

## AVERAGE OCCUPANCY RATES\*\*

	Jul/Aug	Sep/Oct	Nov/Dec	Jan/Feb	Mar/Apr	May/Jun	Annual Average
<u>2020/21</u>	Jul 2020 47.8%	Sept 2020 48.7%	Nov 2020 38.3%	Jan 2021 25.2%	Mar 2021 47.3%	May 2021 62.0%	47.7%
	Aug 2020 55.9%	Oct-20 50.8%	Dec 2020 23.6%	Feb 2021 39.3%	Apr 2021 57.7%	Jun 2021 75.8%	
<u>**2021/22</u>	Jul 2021 84.9%	Sept 2021 74.9%	Nov 2021 66.7%	Jan 2022 45.4%	Mar 2022 65.4%	May 2022 73.6%	69.7%
	Aug 2021 78.9%	Oct-21 68.4%	Dec 2021 55.0%	Feb 2022 63.0%	Apr 2022 79.6%	Jun 2022 80.5%	
<u>2022/23</u>	Jul 2022 84.5%	Sep-22 80.5%	Nov 2022 63.5%	Jan 2023 49.4%	Mar 2023 60.0%	May 2023 71.9%	69.0%
	Aug 2022 81.7%	Oct-22 72.4%	Dec 2022 53.7%	Feb 2023 63.6%	Apr 2023 72.6%	Jun 2023 74.3%	
<u>2023/2024</u>	Jul-23 80.7%	Sep-23 78.2%	Nov 2023 63.1%	Jan 2024 49.7%	Mar 2024 66.6%	May 2024 68.5%	67.0%
	Aug 2023 76.9%	Oct-23 70.6%	Dec 2023 53.6%	Feb 2024 61.3%	Apr 2024 67.6%	Jun 2024	

\* Room nights and citywide occupancy are computed from TID. The total number of rooms used in calculation of Citywide Occupancy was adjusted beginning July 2022 for FY23 and FY22 for comparison purposes.

\*\* The Citywide Occupancy rates for FY 2021/22 are adjusted for accurate comparison to FY 2022/23. Due to temporary closures of Visitor Accommodation Facilities, the number of total available rooms used to calculate occupancy has been adjusted.

# But, Did AMBAG Count the New Projects?

---



# AMBAG Engaged Jurisdictions

---

## Section 1: Process for Forecast Completion

Following the preparation of the regional forecast figures, AMBAG staff began the process of disaggregating the figures to each of the jurisdictions using historical data to develop a baseline disaggregated forecast. The initial results were a purely quantitative application of the methodology. These preliminary draft disaggregated numbers were presented for discussion purposes at one-on-one meetings held by AMBAG staff with each of the jurisdictions, the Local Agency Formation Commissions, the Fort Ord Reuse Authority, the University of California, Santa Cruz and the California State University, Monterey Bay. AMBAG staff also provided materials for these meetings that outlining the data sources and methodology for the regional forecast figures as well as the preliminary draft disaggregated forecast figures. The intent of the first round of meetings was to gather information and data that was then used to make adjustments to the forecast. (See Attachment 1 for a list of meeting dates, times and attendees.)

These preliminary draft disaggregated numbers were adjusted based on information and feedback provided by each jurisdiction. In addition, new data became available. The release of vintage 2020 estimates from the California Department of Finance showed 2019 population approximately 7,000 lower than in the preliminary estimate, although housing estimates were relatively stable. These updates necessitated minor revisions to the regional forecast.

Staff updated the regional growth forecast to reflect the most current information. The entire revised forecast, regional and subregional, was re-circulated for a second round of comments. After the second round of comments were received, AMBAG staff incorporated additional input and prepared a revised draft of the disaggregated forecast figures. Staff circulated the revised population, employment and housing forecast which incorporated additional comments from the Board of Directors. The final draft was accepted for planning purposes only by the AMBAG Board of Directors at its meeting on November 18, 2020. The final growth forecast is scheduled for adoption along with the 2045 Metropolitan Transportation Plan/Sustainable Communities in June 2022.



# A Series of 19 Meetings w Jurisdictions

Agency	Meeting Date	Meeting Time	Location	AMBAG Attendees*	Other Attendees*
City of Gonzales	9/3/2019	1:30 PM	147 Fourth Street, Gonzales, CA	Maura Twomey, Heather Adamson and Paul Hierling	Matthew Sundt
City of Hollister	9/10/2019	1:30 PM	375 Fifth Street, Hollister, CA	Maura Twomey, Heather Adamson and Paul Hierling	Abraham Prado and Jamila Saqqa
City of Marina	8/21/2019	11:00 AM	209 Cypress Avenue, Marina, CA	Maura Twomey, Heather Adamson and Paul Hierling	Fred Aegerter, Christy Hopper and Matt Mogensen
City of Salinas	8/28/2019	1:30 PM	65 West Alisal Street, 2nd Floor, Salinas, CA	Maura Twomey, Heather Adamson and Paul Hierling	Megan Hunter and Adam Garrett
City of Santa Cruz	8/23/2019	1:00 PM	809 Center Street, Room 107, Santa Cruz, CA	Maura Twomey, Heather Adamson and Paul Hierling	Lee Butler
City of Seaside	9/10/2019	11:00 AM	656 Broadway Avenue, Seaside, CA 93955	Heather Adamson and Paul Hierling	Rick Medina
County of Monterey	8/7/2019	4:00 PM	1441 Schilling Pl, 2nd Floor, Salinas, CA	Maura Twomey, Heather Adamson and Paul Hierling	Brandon Swanson and John Dugan
County of Monterey	8/12/2019	3:15 PM	168 West Alisal, 3rd Floor, Salinas, CA	Paul Hierling	Darby Marshall and Anastacia Wyatt
County of San Benito	9/4/2019	1:00 PM	2301 Technology Parkway, Hollister, CA	Maura Twomey, Heather Adamson and Paul Hierling	Harry Mavrogenes, Taven Kinison Brown and Jamila Saqqa
County of Santa Cruz	8/23/2019	3:00 PM	701 Ocean Street, Room 400, Santa Cruz, CA	Maura Twomey, Heather Adamson and Paul Hierling	Kathy Molloy and Stephanie Hansen

\*All attendees were at the meeting in person unless otherwise noted.

# Meetings (cont'd)

Agency	Meeting Date	Time	Location	AMBAG Attendees*	Jurisdiction Attendees*
City of Capitola	2/3/2020	9:30 AM	420 Capitola Ave., Capitola, CA	Heather Adamson	Katie Herlihy
City of Carmel-By-The-Sea	2/5/2020	9:30 AM	AMBAG Office	Maura Twomey, Gina Schmidt, Miranda Taylor	Marnie Waffle
City of Del Rey Oaks	2/13/2020	11:00 AM	650 Canyon Del Rey Blvd, Del Rey Oaks, CA	Heather Adamson and Miranda Taylor	Dino Pick and Denise Duffy
City of Gonzales	2/7/2020	2:00 PM	City of Gonzales, 147 Fourth Street, Gonzales, CA	Heather Adamson	Matthew Sundt
City of Greenfield	3/3/2020	9:00 AM	Greenfield City Hall, 599 El Camino Real, Greenfield, CA	Heather Adamson, Maura Twomey and Miranda Taylor	Paul Muga
City of Hollister	3/10/2020	2:00 PM	City of Hollister, Development Services, 375 Fifth Street, Hollister, CA 95023	Heather Adamson	Abraham Prado, Jamila Jagge, Eva Kelly and Ambur Cameron
City of King City	3/10/2020	11:00 AM	City of King City Hall, 212 South Vanderhurst Avenue, King City, CA 93930	Heather Adamson, Maura Twomey and Miranda Taylor	Doreen Liberto-Blanc and Maricruz Aguilar-Navarro
City of Marina	2/26/2020	2:30 PM	City of Marina, Community Depevelopment Dept, 209 Cypress Avenue, Marina, CA	Heather Adamson, Maura Twomey and Miranda Taylor	Christy Hopper and Lisa Berkley
City of Monterey	2/4/2020	1:00 PM	City of Monterey, 360 Pacific Street, Monterey, CA 93940	Heather Adamson, Maura Twomey, Miranda Taylor	Kim Cole
City of Pacific Grove	2/5/2020	11:30 AM	City of Pacific Grove, 300 Forest Avenue, 2nd Floor, Pacific Grove, CA 93950	Maura Twomey, Gina Schmidt, Miranda Taylor	Anastasia Aziz and Alyson Hunter
City of Salinas	3/2/2020	10:00 AM	City of Salinas, 65 West Alisal Street, 2nd Floor, Salinas, CA	Heather Adamson and Miranda Taylor	Megan Hunter and Tara Hurlingers
City of San Juan Bautista	2/24/2020	9:00 AM	San Juan Bautista City Hall, 311 2nd Street, San Juan Bautista, CA	Heather Adamson	Don Reynolds and Mary Silbert (SBTCS)
City of Sand City	2/11/2020	3:00 PM	Sand City, City Hall, 1 Pendergrass Way, Sand City, CA	Heather Adamson, Maura Twomey, Miranda Taylor	Chuck Pooler and Aaron Blair
City of Santa Cruz	3/9/2020	11:00 AM	City of Santa Cruz, 809 Center Street, Room 107, Santa Cruz, CA	Heather Adamson	Lee Butler, Katherine Donovan and Eric Mariatt
City of Scotts Valley	2/3/2020	11:30 AM	1 Civic Center Drive, Scotts Valley, CA	Heather Adamson	Taylor Bateman
City of Seaside	3/3/2020	2:00 PM	656 Broadway Avenue, Seaside, CA 93955	Heather Adamson, Maura Twomey, Paul Hierling and Miranda Taylor	Kurt Overmeyer, Gloria Stearns and Sharon Mikeseil
City of Soledad	2/24/2020	1:30 PM	City of Soledad, City Hall, 248 Main Street, Soledad, CA	Heather Adamson and Miranda Taylor	Brent Slama
City of Watsonville	2/21/2020	10:00 AM	Community Development Dept., 250 Main Street, Watsonville, CA 95076	Heather Adamson	Suzi Merriam and Justin Meek
	2/21/2020	10:00 AM	Community Development Dept., 250 Main Street, Watsonville, CA 95076	Heather Adamson	Suzi Merriam and Justin Meek
County of Monterey	3/17/2020	2:30 PM	GoTo Meeting	Heather Adamson and Paul Hierling	Brandon Swanson
County of San Benito	3/4/2020	3:00 PM	San Benito County - RMA, 1301 Technology Parkway, Hollister, CA	Heather Adamson and Maura Twomey	Harry Mavrogenes and Taven Kinison Brown
County of Santa Cruz	3/9/2020	3:00 PM	County of Santa Cruz, 701 Ocean Street, Room 400, Santa Cruz, CA	Heather Adamson	Kathy Molloy, Pais Levine, Barbara Mason, Stephanie Hansen and Anais Schenk
CSU Monterey Bay	2/5/2020	3:00 PM	2061 Intergarrison Road, Suite 84-A, Seaside, CA	Maura Twomey, Gina Schmidt, Miranda Taylor	Anya Spear and Matt McLuney
Monterey County LAFCO	2/11/2020	1:00 PM	LAFCO Monterey Co., 132 W. Gabilan Street, Suite 102, Salinas, CA 93901	Heather Adamson, Maura Twomey, Miranda Taylor	Kate McKenna
Santa Cruz County LAFCO	2/21/2020	1:00 PM	LAFCO, 701 Ocean Street, Room 318-D, Santa Cruz, CA 95060	Heather Adamson	Joe Serrano
UC Santa Cruz	2/25/2020	10:30 AM	UC Santa Cruz, 1156 High St. Barn G, Santa Cruz, CA 95064	Heather Adamson	Jolie Kerns and Owo Slayler



# Meetings (cont'd)

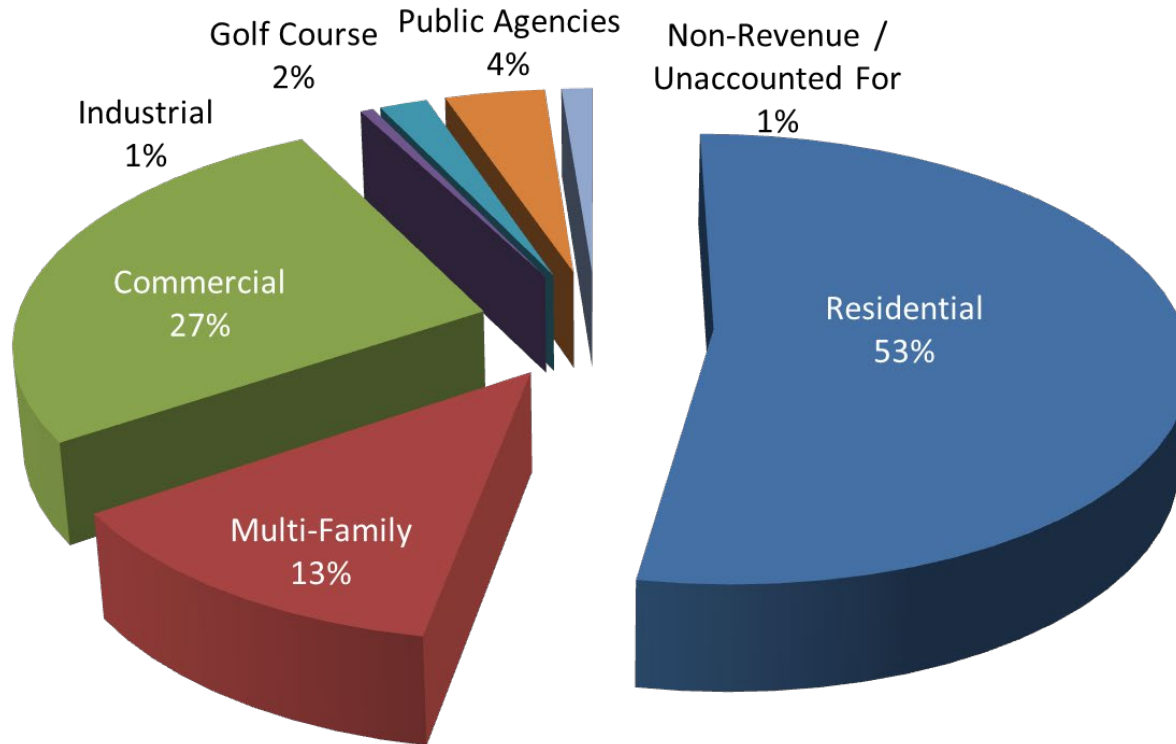
Agency	Meeting Date	Meeting Time	Location	AMBAG Attendees	Jurisdiction Attendees
City of Capitola	5/19/2020	1:00 PM	GoTo Meeting	Maura Twomey, Heather Adamson, Paul Hierling, and Miranda Taylor	Katie Herlihy
City of Carmel-By-The-Sea	5/26/2020	1:00 PM	GoTo Meeting	Maura Twomey, Heather Adamson, Paul Hierling, and Miranda Taylor	Marnie Waffle
City of Del Rey Oaks	6/17/2020	4:00 PM	GoTo Meeting	Maura Twomey, Heather Adamson, Paul Hierling, and Miranda Taylor	Dino Pick and Denise Duffy
City of Gonzales	5/26/2020	3:00 PM	GoTo Meeting	Heather Adamson, Paul Hierling, and Miranda Taylor	Matthew Sundt
City of Greenfield	6/11/2020	11:00 AM	GoTo Meeting	Maura Twomey, Heather Adamson, and Miranda Taylor	Paul Mugan
City of Hollister	5/29/2020	10:00 AM	GoTo Meeting	Maura Twomey, Heather Adamson, Paul Hierling, and Miranda Taylor	Abraham Prado, Jamila Saqqa, Eva Kelly and Ambur Cameron from Hollister; Mary Gilbert from SBtCOG. Additionally, various consultants for the Hollister General Plan attended this meeting.
City of King City	6/2/2020	1:00 PM	GoTo Meeting	Heather Adamson and Miranda Taylor	Doreen Liberto-Blanck and Maricruz Aguilar-Navarro
City of Marina	5/28/2020	10:00 AM	GoTo Meeting	Maura Twomey, Heather Adamson, Paul Hierling, and Miranda Taylor	Christy Hopper and Fred Aegerter
City of Monterey	5/29/2020	1:00 PM	GoTo Meeting	Maura Twomey, Heather Adamson, Paul Hierling, and Miranda Taylor	Kimberly Cole
City of Pacific Grove	5/19/2020	3:00 PM	GoTo Meeting	Maura Twomey, Heather Adamson, Paul Hierling, and Miranda Taylor	Anastazia Aziz, Alyson Hunter and Terri Schaeffer
City of Salinas	6/8/2020	2:00 PM	GoTo Meeting	Maura Twomey, Heather Adamson, Paul Hierling, and Miranda Taylor	Megan Hunter, Tara Hullinger, and Jonathan Moore
City of San Juan Bautista	6/1/2020	1:30 PM	GoTo Meeting	Maura Twomey, Heather Adamson, Paul Hierling, and Miranda Taylor	Don Reynolds and Mary Gilbert from SBtCOG
City of Sand City	6/17/2020	9:00 AM	GoTo Meeting	Heather Adamson, Paul Hierling, and Miranda Taylor	Chuck Pooler and Aaron Blair
City of Santa Cruz	5/18/2020	9:00 AM	GoTo Meeting	Maura Twomey, Heather Adamson, Paul Hierling, and Miranda Taylor	Lee Butler, Katherine Donovan, Bonnie Lipscomb, Eric Marlatt and Matt Vanhus
City of Scotts Valley	6/3/2020	1:00 PM	GoTo Meeting	Maura Twomey, HPaul Hierling, and Miranda Taylor	Taylor Bateman
City of Seaside	6/11/2020	4:00 PM	GoTo Meeting	Maura Twomey, Heather Adamson, Paul Hierling, and Miranda Taylor	Kurt Overmeyer and Gloria Stearns

# City of Monterey Occupancy Pre-COVID

Agency	Meeting Date	Meeting Time	Location	AMBAG Attendees	Jurisdiction Attendees
City of Soledad	6/16/2020	1:00 PM	GoTo Meeting	Maura Twomey, Heather Adamson, Paul Hierling, and Miranda Taylor	Brent Slama
City of Watsonville	6/2/2020	3:00 PM	GoTo Meeting	Maura Twomey, Heather Adamson, Paul Hierling, and Miranda Taylor	Suzi Merriam and Justin Meek
County of Monterey	6/3/2020	9:00 AM	GoTo Meeting	Maura Twomey, Paul Hierling, and Miranda Taylor	Brandon Swanson, John Dugan and Anastacia Wyatt
County of Monterey	6/29/2020	1:00 PM	GoTo Meeting	Maura Twomey, Paul Hierling, Miranda Taylor and Beth Jarosz (consultant)	Brandon Swanson, John Dugan, Craig Spencer and Anastacia Wyatt
County of San Benito	6/1/2020	9:00 AM	GoTo Meeting	Maura Twomey, Heather Adamson, Paul Hierling, and Miranda Taylor	Harry Mavrogenes, Taven Kinison Brown and Mary Gilbert from SBtCOG
County of Santa Cruz	5/18/2020	3:00 PM	GoTo Meeting	Maura Twomey, Heather Adamson, Paul Hierling, and Miranda Taylor	Paia Levine, Barbara Mason, Anais Schenk, Kathy Molloy, Stephanie Hansen
CSU Monterey Bay	6/16/2020	3:00 PM	GoTo Meeting	Maura Twomey, Heather Adamson, Paul Hierling,	Anya Spear, Matt McCluney, and Kathleen Ventimiglia
CSU Monterey Bay	7/10/2020	1:00 PM	GoTo Meeting	Heather Adamson and Beth Jarosz (consultant)	Matt McCluney and Kathleen Ventimiglia
UC Santa Cruz	6/15/2020	3:00 PM	GoTo Meeting	Maura Twomey, Heather Adamson, Paul Hierling,	Oxo Slayer

# Water Demand by Use – Impact of Hotels

---



If hotels are down by 6% and are ½ of Commercial, then impact is less than 1% of overall water demand, or less than 90 AFY – equivalent to ***negligible forecasting “noise”***

## Hotels Were Included in MPWMD Demand Forecast





Questions?