



January 5, 2016

Joseph Webb, Interim General Manager
Visit Mendocino County Inc.
345 N. Franklin Street
Fort Bragg, California 95437

Dear Mr. Webb,

Visit Ukiah is embarking on an exciting venture to expand the tourism market in Ukiah and the greater county of Mendocino—we would like to attract a four-star upscale hotel to the Historic Downtown Ukiah. We believe, based on dramatically increasing transient occupancy tax revenue and other data, that a professionally-sourced hotel feasibility study would support this bid and are requesting Visit Mendocino's consideration of sharing the costs of that study.

The effort to attract visitors to Ukiah has been extremely successful and, as a result, our local hotels are experiencing unprecedented occupancy rates. Inland Mendocino County is becoming an increasingly important wedding destination (due in part to restrictions on winery-hosted weddings in Napa and Sonoma Counties) and gaining notoriety for outdoor recreation, an up-and-coming food scene, and cultural tourism. Ukiah is also an important hub for business travel, providing weekday lodging traffic that nearly matches weekend traffic.

That being said, feedback provided from event and travel planners and echoed by our visitors is that Ukiah needs a "higher end" hotel—specifically, a higher end hotel in the downtown. Currently, our highest rated hotels are located in a commercial business park. While there is convenient freeway access and nearby services, these hotels are not close enough to our Conference Center or the restaurants and shops of the historic downtown. As a result, the downtown businesses that would typically benefit from these visitors are struggling to attract them. Additionally, the likelihood of attracting return visits is diminished when visitors are not exposed to the more unique parts of the community.

With hospitality emerging as an increasingly important source of revenue and jobs in Mendocino County, a new hotel would provide much-needed employment opportunities and would have a significant positive impact on the hospitality industry area-wide. For the downtown, it would mean a steady flow traffic, even on the weekends and after 5pm on the weekdays.

With the dramatic increase in visitor stays over the last few years, development of a new hotel might seem like an obvious next step—even without a feasibility study. However, when you consider that the actual population of Ukiah is only about 16,000 and we have not historically been considered a tourist destination, you can see that, from a developer's perspective, the numbers don't add up at first glance.

Ukiah's weekday population swells from roughly 16,000 to 30-40,000, and the retail market base within a 30-minute drive is over 104,000; our community is the business, education, and service hub for the entire county (as well as parts of Lake County and northern Sonoma County). On a typical weekday, the downtown streets and businesses are buzzing with activity; however, after 5pm, the business traffic vacates and along with it, the customers that the restaurants and businesses rely on. A hotel in this part of the city would provide a constant flow of traffic; it would also serve the expanding hospital and the new courthouse.

It is impossible to quantify the number of people who would benefit from this project, though we can easily determine that it will create temporary construction jobs and permanent hospitality-related jobs and significantly benefit the area's restaurants and retail shops. It will serve as an anchor for a downtown that is facing—within the next two years—the relocation of the courthouse (and potentially the foot traffic that comes with it), a major streetscape project along State Street, and the perseverance of privately-owned blight in the form of the Palace Hotel and the former Post Office. It provides additional incentive to lengthen a visitor's stay in Mendocino County.

As you are well aware, the multiplier effect of tourism is tremendous. An upscale hotel would help secure inland Mendocino County's position as a wine-country destination that rivals Sonoma County; it would attract and serve the more affluent visitor and provide the lodging to match the high-end weddings that are coming to the area.

There are more reasons to visit the Ukiah area all the time: we are centrally located to over 30 tasting rooms (and growing!), home to an up-and-coming food scene with critically acclaimed restaurants and a year-round farmers' market, home to the beautiful Grace Hudson Museum—which is currently undergoing a multi-million dollar project to transform the grounds into an interactive nature and cultural education center, home to an ever-expanding trail network on our vast public lands, location of a new eight-stall Tesla Motors supercharger station, and more.

A hotel feasibility study would potentially provide the market study and justification that is needed for a four-star hotel to locate here. That study is expected to cost up to \$30,000. Visit Ukiah is respectfully requesting that Visit Mendocino share that expense by contributing up to \$10,000, an investment that we think will provide significant returns in a short period of time.

If you have additional questions or concerns, please feel free to contact me directly. I would also be happy to attend a board meeting for further discussion if you see fit.

Thank you in advance for your consideration of this request.

Sincerely,



Shannon Riley
Visit Ukiah Administrator