

CITY OF HEALDSBURG

SALES TAX UPDATE

1Q 2022 (JANUARY - MARCH)



HEALDSBURG

TOTAL: \$ 1,298,913

8.2%
1Q2022



12.0%
COUNTY

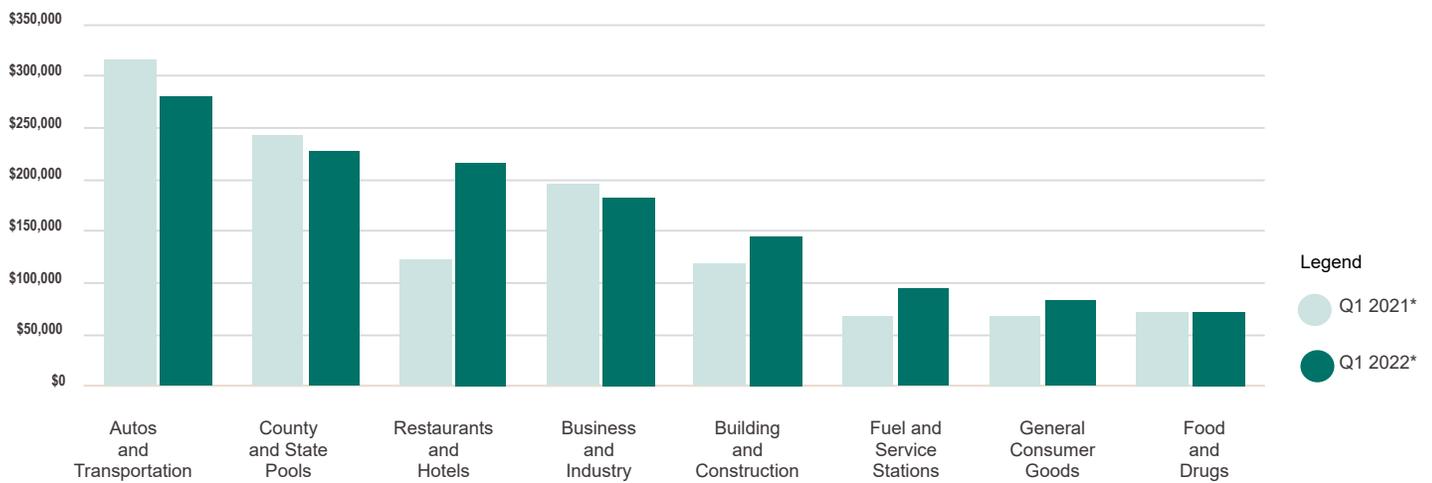


17.1%
STATE



**Allocation aberrations have been adjusted to reflect sales activity*

SALES TAX BY MAJOR BUSINESS GROUP



Measure V

TOTAL: \$633,215

↑ 26.1%



CITY OF HEALDSBURG HIGHLIGHTS

Healdsburg's receipts from January through March were 4.5% above the first sales period in 2021. Excluding reporting aberrations, actual sales were up 8.2%.

Restaurants-hotels had another quarter of sensational sales as more tourists boosted hotel occupancy levels. Rising menu prices didn't deter patrons seeking experiences after pandemic closures as both casual and fine dining establishments. However, business-industry declined with lower receipts from wineries.

General consumer goods continued to have solid sales in a post-holiday shopping period as customers welcomed

the option to peruse purchase options in person. The City's share of the use tax pool allocations declined in part due to taxpayer reporting changes. The global cost of crude oil has resulted in higher gas prices boosting revenues from service stations. Congestion on the highways from commuters has improved consumption from last year's reduced levels. Unlike the statewide and regional growth within the automotive group, spending on transportation needs declined this quarter. Measure V experienced positive results with the return of tourism impacting wineries, hotels/motels, restaurants, and solid sales from building materials and fuel.



TOP 25 PRODUCERS

- Big Johns Market
- Carlson & Associates
- Central Valley Builders Supply
- E & M Electric & Machinery
- Fast Lane Gas & Food
- Garrett Hardware & Plumbing
- Healdsburg Chevron & Carwash
- Healdsburg Gas Mart
- Healdsburg Lumber
- Jerrys Valero
- Matheson
- McConnel Chevrolet
- Chrysler Dodge Jeep
- Montage Healdsburg
- Opperman & Son
- Penrose Hill
- Rotten Robbie
- Safeway
- Sanderson Ford
- Silveira Buick/GMC
- Singlethread Farm
- Restaurant Inn
- Syar Industries
- Valette
- Wilbur Ellis
- Williamson Wines
- Willi's Seafood & Raw Bar



STATEWIDE RESULTS

California’s local one-cent sales and use tax for sales occurring January through March was 17% higher than the same quarter one year ago, after adjusting for accounting anomalies and onetime payments from previous quarters. By all accounts, the California retail economy continues roaring along. Even with instability in the stock market, the crisis in Ukraine pushing up the global price of crude oil and the U.S. Federal Reserve Board beginning to tackle inflation with a series of rate increases, consumer spending continued at a strong pace.

The invasion of Ukraine by Russian military forces on February 24 had an immediate upward impact on the global price of crude oil due to fears of supply shortages. Subsequently this has caused a dramatic jump to California consumer gas and diesel prices at a time when many in the workforce were commuting back into offices, also contributing to an overall increase in consumption. As expected, fuel and service station receipts increased 47% over last year and show no signs of pulling back with summer travel right around the corner.

Sales of new and used vehicles continue to be robust causing the autos and transportation sector to jump 15% for the period. Inventory shortages by some dealers may have caused buyers to experience a Fear Of Missing Out (FOMO) and pay elevated prices while interest rates remained lower. Automotive brands that have committed to full electric or hybrid models are attractive with consumers, especially given the sudden rise in fuel prices.

Post-holiday retail sales of general consumer goods remained solid, improving 10%. Prior supply chain concerns have dissipated, port operations are returning

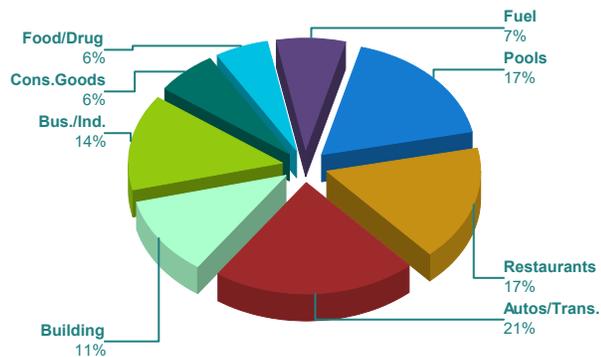
to normal and headwinds from inflation and higher cost goods haven’t yet slowed consumer demand. The stellar returns were largely driven by discount department stores, especially those selling gas.

These results mark the fourth full quarter in a row that restaurant and hotel receipts have increased. While higher menu prices have contributed, steady demand by patrons to dine out is also propelling the gains. Furthermore, theme parks and entertainment venues throughout the state are busy. With the summer tourism and travel season approaching, the industry is positioned to maintain post-pandemic growth and remain positive through 2022.

Use taxes generated by online sales and purchases from out-of-state vendors allocated via the county pools, heartily surpassed expectations, gaining 13% over the comparison period. Shoppers bought a range of merchandise and spending by businesses on capital equipment remained sensational.

The first quarter sales period contributed to an already strong 2021-22 fiscal year for most municipalities statewide. However, continued inflationary pressure, soaring interest rates and record gas prices may soften growth going into 2022-23.

REVENUE BY BUSINESS GROUP Healdsburg This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Healdsburg Business Type	Q1 '22*	Change	County Change	HdL State Change
Building Materials	120.8	17.7% ↑	5.4% ↑	7.8% ↑
Service Stations	94.9	41.1% ↑	41.4% ↑	43.3% ↑
Casual Dining	89.6	75.1% ↑	46.3% ↑	55.8% ↑
Wineries	83.6	-21.3% ↓	7.1% ↑	17.0% ↑
Hotels/Motels	52.7	127.6% ↑	108.4% ↑	243.6% ↑
Fine Dining	51.2	91.6% ↑	62.4% ↑	82.4% ↑
Grocery Stores	46.2	10.9% ↑	3.1% ↑	3.2% ↑
Food Service Equip./Supplies	24.4	-6.5% ↓	22.0% ↑	25.9% ↑
Contractors	20.7	55.7% ↑	28.9% ↑	20.0% ↑
Automotive Supply Stores	15.6	5.0% ↑	3.6% ↑	4.6% ↑

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*In thousands of dollars