

CITY OF HEALDSBURG

SALES TAX UPDATE

3Q 2022 (JULY - SEPTEMBER)



HEALDSBURG

TOTAL: \$ 1,636,451

8.3%
3Q2022



5.8%
COUNTY

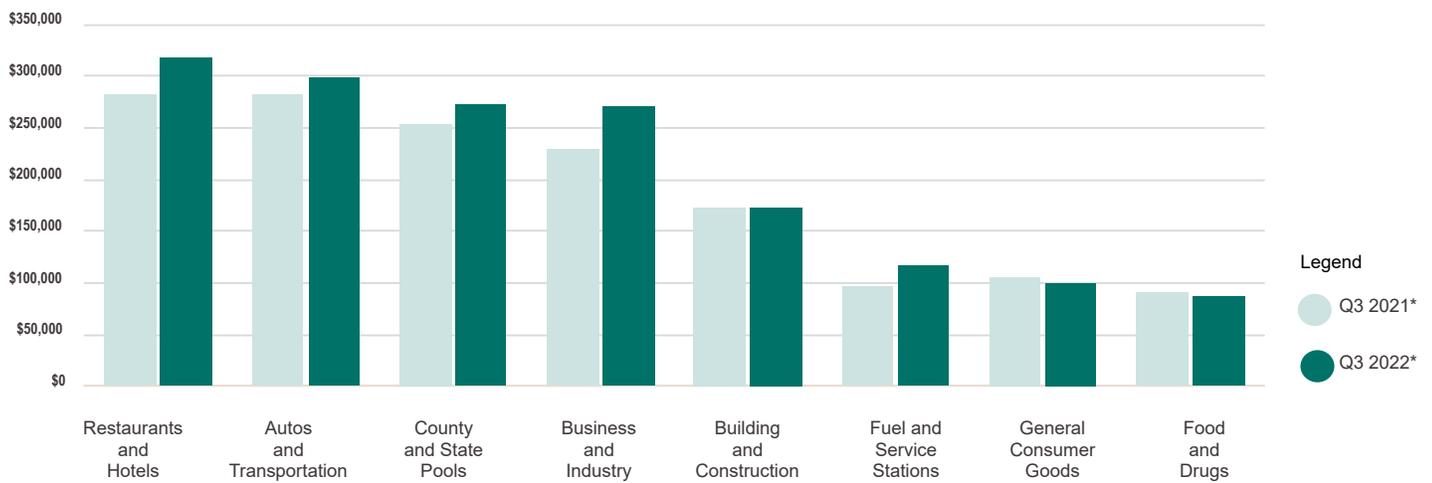


8.0%
STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure V

TOTAL: \$762,941

8.8%



CITY OF HEALDSBURG HIGHLIGHTS

Healdsburg's gross receipts from July through September were 5.5% above the third sales period in 2021; however, net of reporting adjustments, receipts grew 8.3%. Even with pressures of inflation and interest rates, many sales tax groups enjoyed growth during the busy summer months.

For the fifth consecutive quarter, restaurant-hotel revenues boomed as residents and travelers stayed, played and dined in the City. The autos-transportation group enjoyed gains in all sectors. The cost of crude oil kept fuel prices high during the third quarter, pumping service station receipts up 21%. Heavy industrial equipment purchases helped push the business-industry results up over 18%.

With the increase in sales tax, the City's share of the countywide use tax pool improved by 8%.

Conversely, retail sales slowed slightly as people begin to pull back on spending a bit. Even with solid building materials sales, the building-construction group stayed essentially even compared to last year.

Voter-approved Measure V had similar quarterly results, boosted by restaurant revenues and industrial activity.

Net of adjustments, taxable sales for all of Sonoma County grew 5.8% over the comparable time period; the Bay Area was up 9.9%.



TOP 25 PRODUCERS

- Barndiva
- Big Johns Market
- Carlsen & Associates
- Coldflo Mechanical
- 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
- Westtec Tank & Equipment Company
- Wilbur Ellis
- Willi's Seafood & Raw Bar



STATEWIDE RESULTS

Local one cent sales and use tax for sales occurring July through September was 8% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark another strong period of growth for the California spending economy.

Even as the Federal Reserve Board continued ramping up interest rates in an effort to curb the larger concern of inflation, consumers maintained purchases on multiple fronts, especially automobiles. Surprisingly, new car dealers experienced 10% gains over the comparable period in 2021. Limited inventory and demand for higher mileage vehicles including electric and hybrid models helped support growth. In addition, the increased cost of used vehicles has pushed many into the new vehicle market; in contrast, sales of recreation vehicles and auto leasing activity remained soft.

For Californians, the summer of 2022 had the highest gas prices on record; subsequently fuel and service stations receipts jumped 21%. Commuters and summer travel remained steady, yet overall consumption still trails pre-pandemic levels by approximately 13%. Although the Russia-Ukraine conflict initially caused a dramatic shift in global crude oil markets, prices have begun to pull back closer to historical norms.

Restaurants experienced a strong uptick as increased menu prices, consistent desire to dine out and strong tourism contributed to this favorable news. Just as important, theme parks, leisure-entertainment venues and hotels pushed positive momentum back to 2019 levels. With tightening profit margins and sustained labor concerns, future improvement could be slowed compared to the last two years.

Busy contractors and plumbing-electrical

suppliers boosted the building-construction sector. Solid residential and commercial housing prices persisted despite recent interest rate hikes. Tenant improvements further support spending activity as businesses assess future office needs. With statewide new housing requirements and federal infrastructure funding on the horizon, current forecasts stay optimistic.

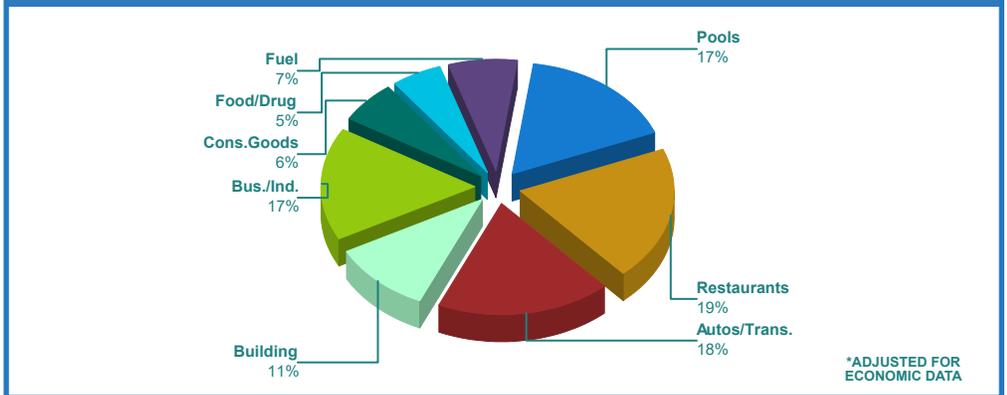
Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

For the second straight quarter, fuel sales linked to discount department stores propped up general consumer goods

results. Otherwise, retailers experienced flat to decreased receipts as many apparel categories, home furnishings and sporting goods struggled to keep pace with the prior year. As consumers balanced summer opportunities and higher prices, in-store shopping appears to have taken a temporary back seat.

Sustained price increases and interest rate hikes certainly have consumers contemplating where to spend their dollars. However, historically low statewide unemployment rates and the recovery of the national stock markets from declines earlier this year leave modest optimism heading into 2023.

REVENUE BY BUSINESS GROUP Healdsburg This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Healdsburg Business Type	Q3 '22*	Change	County Change	HdL State Change
Building Materials	133.1	1.2% ↑	-1.6% ↓	2.8% ↑
Casual Dining	130.0	17.0% ↑	6.1% ↑	10.1% ↑
Service Stations	116.4	20.2% ↑	17.7% ↑	18.5% ↑
Fine Dining	86.0	31.8% ↑	1.9% ↑	5.1% ↑
Wineries	83.3	-2.0% ↓	-18.8% ↓	-5.2% ↓
Hotels/Motels	70.9	-4.7% ↓	29.6% ↑	43.8% ↑
Grocery Stores	53.6	4.5% ↑	7.1% ↑	3.0% ↑
Food Service Equip./Supplies	41.1	-6.2% ↓	9.0% ↑	10.0% ↑
Quick-Service Restaurants	20.8	14.3% ↑	4.3% ↑	4.0% ↑
Automotive Supply Stores	19.2	18.8% ↑	4.3% ↑	5.3% ↑

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*In thousands of dollars