

CITY OF HEALDSBURG

SALES TAX UPDATE

4Q 2020 (OCTOBER - DECEMBER)



HEALDSBURG

TOTAL: \$ 1,333,191

0.8%
4Q2020



-2.1%
COUNTY

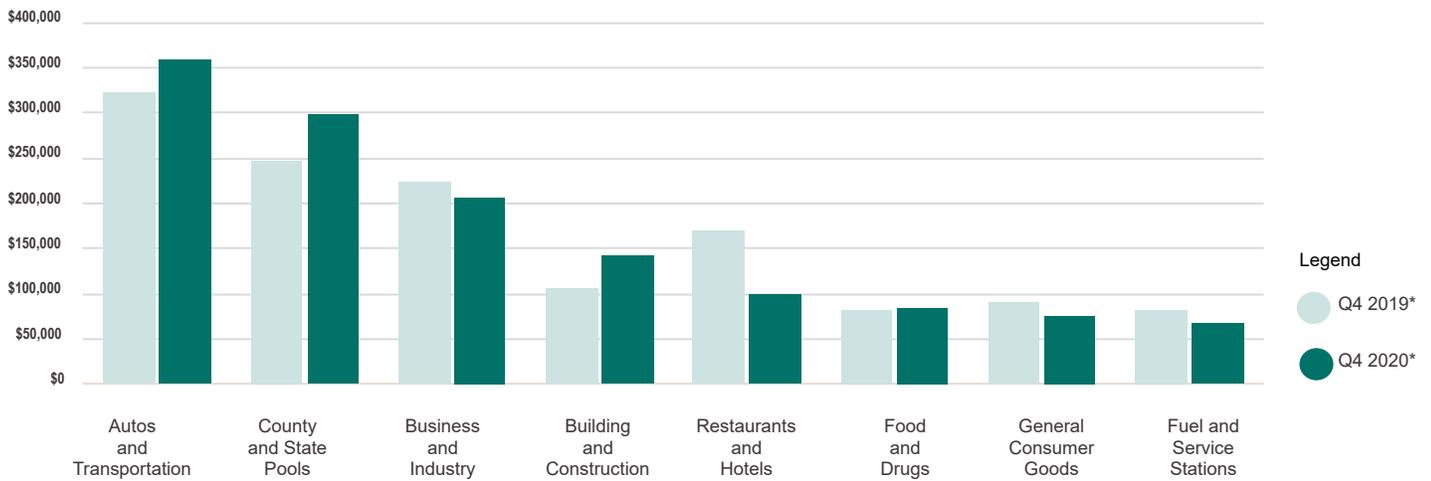


-2.0%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure V

TOTAL: \$544,974

0.4%



CITY OF HEALDSBURG HIGHLIGHTS

Healdsburg's receipts from October through December were 9.0% below the fourth sales period in 2019. Excluding reporting aberrations, actual sales were up 0.8%.

Overall place of sale collections declined 3.8% as the pandemic economy weighed on certain business sectors, while others thrive.

This was the normal holiday shopping period, and general consumer retailers felt the strain of weak foot traffic and in-store buying. Business-industry results varied, but overall dipped lower than last year. The reduction in driving miles and lower gas prices pushed service station revenues

down. Similarly, restaurant and hotel receipts plummeted as the crisis curtailed travel activity and on-premises dining.

Mirroring state and county trends, new and used auto sales were strong as consumers took advantage of favorable interest rates. The stable housing market contributed to a rise in spending at building material suppliers and in the construction industry. Also helping to offset some of the losses, the City's share of the countywide use tax pool allocations was up 20.7%. This growth was boosted by new taxes on out-of-state online purchases from full implementation of AB147 (Wayfair), and surges in online shopping.



TOP 25 PRODUCERS

- | | |
|--------------------------------|---------------------------|
| Big Johns Market | Penrose Hill |
| Carlsen & Associates | Pine Ridge Winery |
| Central Valley Builders Supply | Rite Aid |
| Collins Electrical Company | Rotten Robbie |
| E & M Electric & Machinery | Safeway |
| Garrett Hardware & Plumbing | Sanderson Ford |
| Healdsburg Chevron & Carwash | Silveira Buick/GMC |
| Healdsburg Lumber | Silver Oak Cellars |
| Jerrys Valero | Singlethread Farm |
| McConnel Chevrolet | Restaurant Inn |
| Chrysler Dodge Jeep | Syar Industries |
| Opperman & Son | Westtec Tank & Equipment |
| | Wilbur Ellis |
| | Williamson Wines |
| | Willi's Seafood & Raw Bar |

HdL Companies



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring October through December, the holiday shopping season, was 1.9% lower than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous periods. Lower receipts were primarily concentrated in the Bay Area and coastal southern regions while much of inland California, including the San Joaquin Valley, Inland Empire, and northern regions, exhibited solid gains.

As expected, the larger place of sale categories which have been negatively impacted throughout the pandemic continue to be brick and mortar general consumer goods retailers like family apparel, department, and electronics/appliance stores. With limited to zero allowed indoor dining (depending on a County's Covid-19 tier assignment), restaurants and hotels suffered the largest losses especially in communities that strongly rely on tourism. Although the workforce has slowly begun to return to physical office environments, fuel and service stations revenues lagged the prior year performance.

It does not appear that Governor Newsom's second 'shelter at home' directive, initiated by the increase in Covid-19 cases had an impact on overall results. While some merchants chose to utilize the Governor's executive order allowing for a 90-day deferral of sales tax remittance, it was substantially less than the similar opportunity companies utilized during the 1st and 2nd quarters of 2020. The outstanding payments for most California cities will be remitted before the end of the 2020-21 fiscal year.

On the bright side, as consumer confidence stabilized post the national

presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

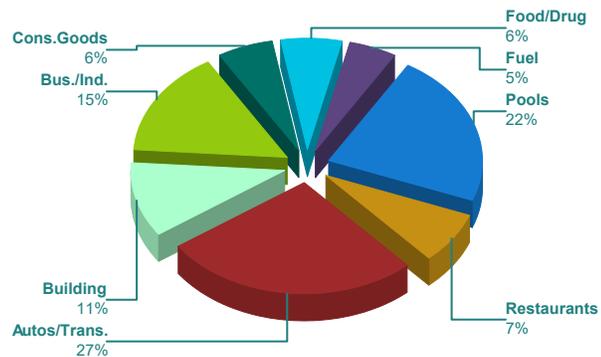
The building-construction sector, with 1) increased price of goods - like lumber, 2) continued home improvement projects, and 3) advantageous fall/winter weather conditions saw strong gains that remained consistent throughout the calendar year.

Exponential growth from countywide use tax pools further helped offset the declines. Greater online shopping signifying a permanent shift of consumer

habits to this more convenient experience was inevitable.

On the horizon, mass deployment of the Covid-19 vaccine will help a greater number of businesses, restaurants and theme parks to reach reopen status. Recent approval of the American Rescue Plan Act of 2021 will further support greater consumer spending, albeit in targeted segments. Pent up demand for summer outdoor experiences and travel is likely and thereby household spending is temporarily reverted away from taxable goods when compared to recent activity.

REVENUE BY BUSINESS GROUP
Healdsburg This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Healdsburg Business Type	Q4 '20*	Change	County Change	HdL State Change
Wineries	115.6	9.4% ↑	-4.4% ↓	-5.9% ↓
Building Materials	99.5	13.0% ↑	8.9% ↑	17.4% ↑
Service Stations	66.8	-17.6% ↓	-30.1% ↓	-31.3% ↓
Grocery Stores	55.0	5.5% ↑	4.1% ↑	5.2% ↑
Casual Dining	52.4	-35.7% ↓	-35.7% ↓	-39.4% ↓
Contractors	25.2	68.9% ↑	1.0% ↑	2.3% ↑
Fine Dining	21.0	-46.7% ↓	-49.0% ↓	-54.4% ↓
Garden/Agricultural Supplies	20.9	38.0% ↑	20.2% ↑	14.0% ↑
Food Service Equip./Supplies	19.5	9.6% ↑	-9.6% ↓	-13.1% ↓
Automotive Supply Stores	16.4	11.0% ↑	-3.6% ↓	3.3% ↑

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars