

CITY OF ARCATA

SALES TAX UPDATE

1Q 2024 (JANUARY - MARCH)



ARCATA

TOTAL: \$ 705,922

6.0%
1Q2024



1.3%
COUNTY

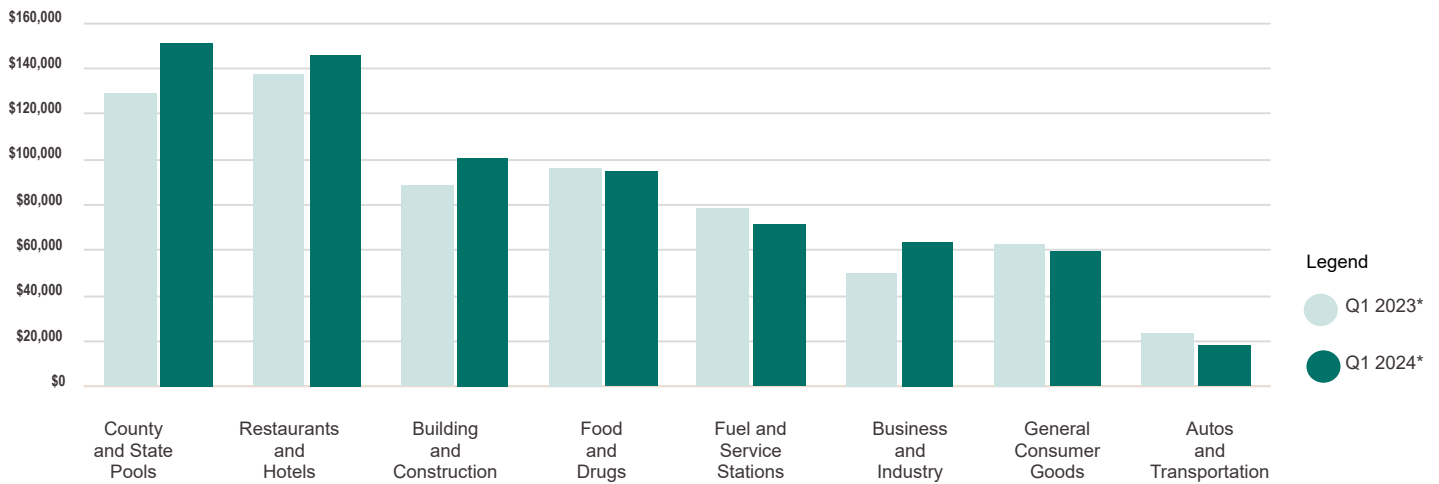


-0.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure G

TOTAL: \$653,277

↑ 6.1%



CITY OF ARCATA HIGHLIGHTS

Arcata's receipts from January through March were 4.8% above the first sales period in 2023. Excluding reporting aberrations, actual sales were up 6.0%.

Consumer prices are still rising at a rate higher than the Fed's inflation target. While increased costs for insurance, energy and food remain challenges, consumers have seemed willing to spend on travel, entertainment and experiences.

Restaurant sales outpaced regional and statewide results from both casual and fast casual options. People still enjoy dining out and takeout meals, although some gains can be attributed to higher menu pricing in advance of the minimum wage requirement in April.

An increase in the City's allocation from the countywide use tax pool helped propel

double-digit gains with strong ecommerce sales and one-time business investments. Building-construction contributed another quarter of gains with improved demand for contractors.

Cannabis revenues shrank in food-drugs and fuel-service station receipts weakened. Shoppers pulled back on non-essential items for a drop in general consumer goods.

Measure G posted solid gains from the building and business groups and improved casual dining receipts, although in this high interest rate environment, new vehicle purchases declined.

Net of aberrations, taxable sales for all of Humboldt County grew 1.3% over the comparable time period; the Far North region was down 2.6%.



TOP 25 PRODUCERS

76
C & K Johnson Industries
Compass Group USA
CVS Pharmacy
Eureka Sand & Gravel
Fireplace
Fourth Street Market
Liquors Deli
Franklins Service
Harbor Freight Tools
Hensels Ace Hardware
Humboldt Fasteners & Tools
Jm Squared Associates
Kens Auto Parts & Truck Accessories

McDonald's
Mill Yard
Murphys Sunnybrae Market
North Coast Cooperative
Oriental Buffet
Safeway
State of Jefferson Public House
Texaco
Tonis Restaurant
Tractor Supply
Valley Pacific Petroleum Services
Wildberries Marketplace



STATEWIDE RESULTS

California's local one cent sales and use tax receipts during the months of January through March were 0.2% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year first quarter is traditionally the lowest sales tax generating period; however, returns were more on par with the comparison period.

One of the only sectors continuing to display declines was autos-transportation. High interest rates created more expensive long-term financing costs. Combined with a dramatic cost of insurance coverage rate spike, this group declined 7.5%.

Fuel and service stations was the other sector with a drop over last year. As California drivers embark on summer travel, they'll do so with slightly elevated gas prices versus 2023, probably yielding the final period of negative results for the category heading into 2025.

During this post-holiday shopping period, general consumer goods experienced a soft rebound with very modest 0.5% growth. Although retailers selling gas were hurt by fuel prices, it did not stop family apparel and department stores from lifting revenues.

Restaurant activity contributed constant growth of 2.1%. Only fine dining establishments remain hindered as more affordable menus are preferred. Also, it appears some eateries made operational changes while implementing AB 1228; however, there isn't enough data

yet to understand if this new bill impacted revenue.

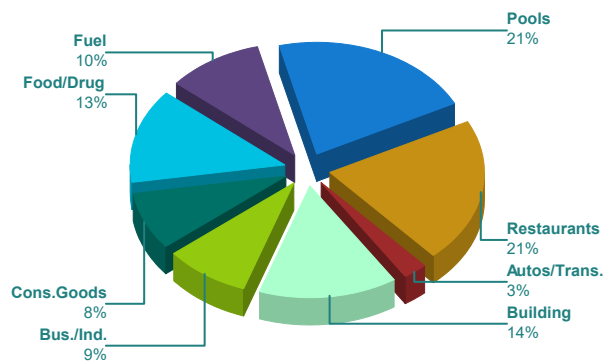
Seemingly dramatic one-time events helped boost business-industry, as investments in office supplies-furniture and energy projects were a significant reason for 3.6% gains this quarter. Additionally, strong fulfillment center direct payments demonstrated sustained logistical expansion. When coupled with improved returns via the countywide use tax pools, customers demonstrated e-commerce preferences for obtaining various goods. Overall

pool allocations improved 1.6%.

Statewide, 2024 begins in a more positive fashion compared to the recent trends of 2023. Buoyed 1st quarter results may signify 'the floor' helping ease tax revenue concerns while awaiting the next growth cycle. The Federal Reserve and their position with the Fed Funds Rate remains the most probable component between economic stagnation or spring-boarding consumer spending. Tourism and local travel in the coming summer period could further inspire confidence.

REVENUE BY BUSINESS GROUP

Arcata This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Arcata Business Type	Q1 '24	Change	County Change	HdL State Change
Casual Dining	84,758	8.1% ↑	0.9% ↑	2.3% ↑
Building Materials	62,533	-4.3% ↓	-12.6% ↓	-0.7% ↓
Service Stations	55,407	-6.7% ↓	-9.7% ↓	-0.8% ↓
Grocery Stores	51,729	-0.8% ↓	-0.5% ↓	2.8% ↑
Contractors	32,028	119.9% ↑	18.8% ↑	4.4% ↑
Quick-Service Restaurants	25,499	-4.2% ↓	-8.2% ↓	2.7% ↑
Fast-Casual Restaurants	20,086	21.1% ↑	2.1% ↑	2.3% ↑
Cannabis Related	19,030	-10.7% ↓	-10.7% ↓	-5.0% ↓
Specialty Stores	16,689	2.2% ↑	-4.1% ↓	-2.3% ↓
Garden/Agricultural Supplies	15,760	-6.2% ↓	-8.9% ↓	2.5% ↑

*Allocation aberrations have been adjusted to reflect sales activity