

CITY OF ARCATA

SALES TAX UPDATE

1Q 2024 (JANUARY - MARCH)



ARCATA

TOTAL: \$ 705,922

6.0%

1Q2024



1.3%

COUNTY



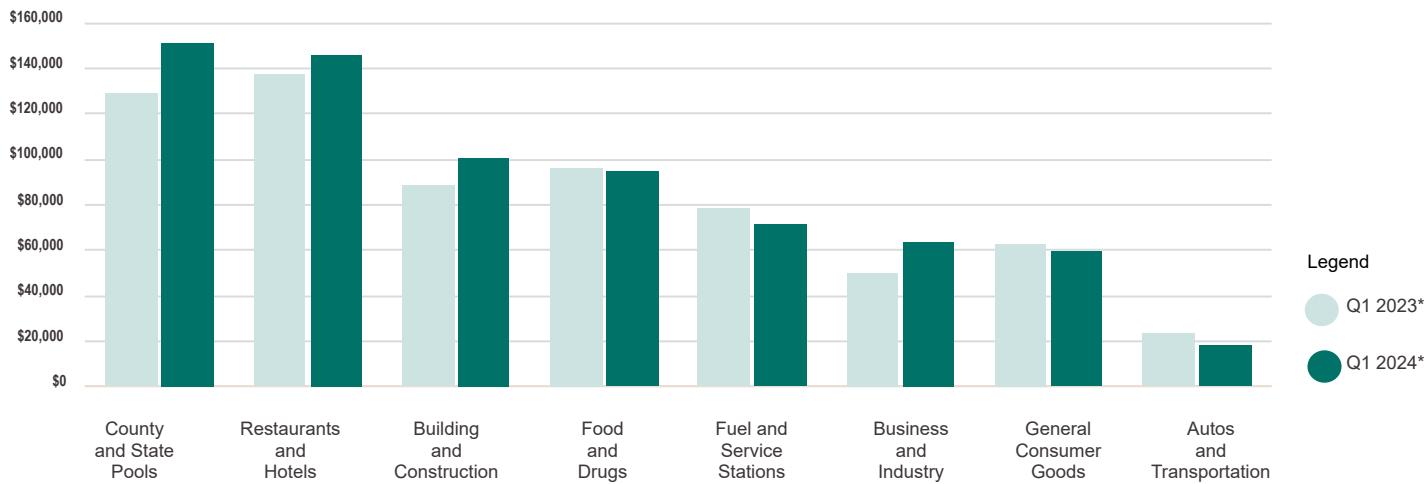
-0.3%

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%.

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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



TOP 25 PRODUCERS



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.

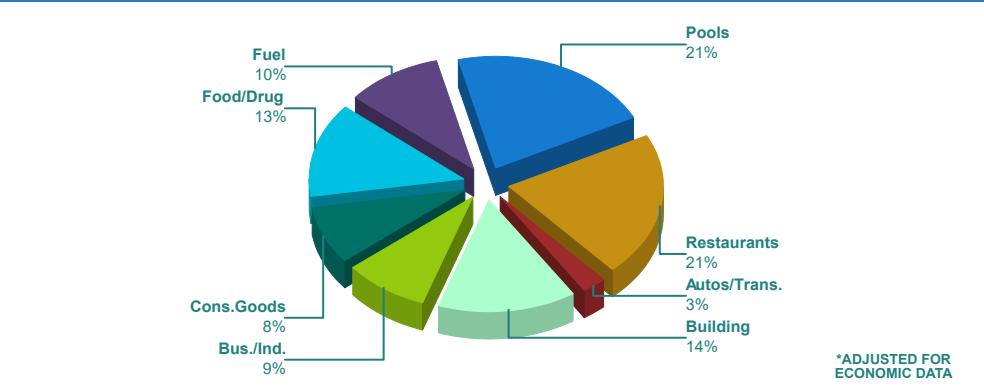
Seemingly dramatic one-time events helped boost business-industry, as investments in office supplies-furniture and energy projects were a significant reason for 3.6% gains this quarter. Additionally, strong fulfillment center direct payments demonstrated sustained logistical expansion. When coupled with 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*



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% |

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