

CITY OF SONOMA

SALES TAX UPDATE

2Q 2021 (APRIL - JUNE)



SONOMA

TOTAL: \$ 924,022

48.6%
2Q2021



30.1%
COUNTY

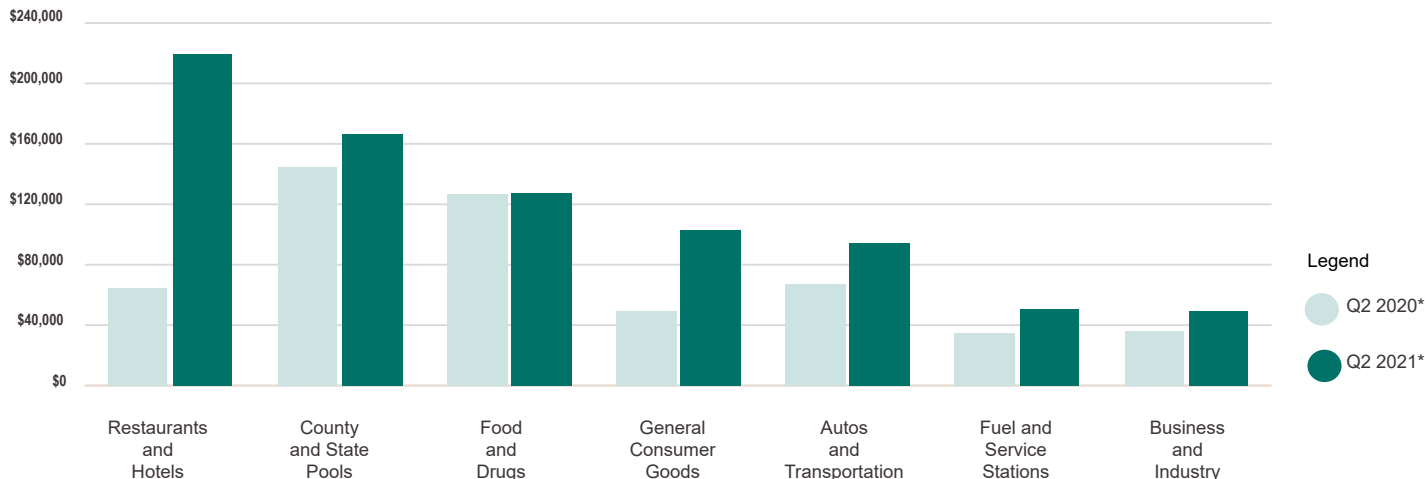


37.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure U

TOTAL: \$717,142

↑ 56.3%



CITY OF SONOMA HIGHLIGHTS

Sonoma's receipts from April through June were 42.0% above the second sales period in 2020. Excluding reporting aberrations, actual sales were up 48.6%.

This quarter reflects a period with greater availability of the COVID-19 vaccine and when pandemic restrictions, such as indoor dining limitations, were lifted. The City experienced stellar performance in the Restaurants and Hotels sector with all dining categories improved compared to the recent trend. Casual eateries saw sensational increases with customers eager to dine-in again and increased capacity handling the demand.

After a year with many virtual tastings and relying on e-commerce options, wineries reaped the benefits of the

regions draw for tourism and hospitality with visitors drawn to in-person experiences that boosted the Business and Industry group.

The re-opening of the economy led to outstanding growth in the General Consumer Goods group. Home furnishings and specialty contributed to the strong performance in this sector.

Voter approved Measure U benefited in all business groups with casual dining, new car purchases and wineries generating the largest gains this quarter.

Net of aberrations, taxable sales for all of Sonoma County grew 30.1% over the comparable time period; the Bay Area was up 34.1%.



TOP 25 PRODUCERS

- Chevron
- CVS Pharmacy
- Della Santinas Trattoria
- El Dorado Kitchen
- Friedmans Home Improvement
- Girl & The Fig
- Hopmonk Tavern
- Jacks Filling Station
- Jolly Washer Service Station
- Lodge at Sonoma
- Lucky
- MacArthur Place Hotel
- Mary's Pizza Shack
- McCaulou's
- Pet Food Express
- Rite Aid
- Safeway
- Shell
- Silveira Chevrolet
- Sonoma Market
- Sonoma Paint Center
- Staples
- Three Sticks Wines
- Villa Terrazza Patio & Home
- Whole Foods Market



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring April through June, was 37% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The 2nd quarter of 2020 was the most adversely impacted sales tax period related to the Covid-19 pandemic and Shelter-In-Place directive issued by Governor Newsom. The 2Q21 comparison quarter of 2Q20 was the lowest since 2Q14 due to indoor dining restrictions at most restaurants; non-essential brick and mortar store closures; and employee remote/work from home options which significantly reduced commuting traffic and fuel sales. Therefore, similar to the 1st quarter 2020 comparison, dramatic percentage gains for 2Q21 were anticipated and materialized.

Up to this point through California's recovery, we've seen some regions experience stronger gains than others. However, with the latest data and the depths of declines in the comparison period, statewide most regions saw very similar growth.

Within the results, prolonged gains by the auto-transportation and building-construction industries generated higher receipts. Although the explosion of sales by new and used car dealers has come as welcome relief, the latest news of inventories being stretched thin due to the micro processing chip issues earlier in the year may result in a headwind into 2022. Conversely for the building-construction group, as housing prices in many markets increased over the last year, sustained available homeowner and investor equity is in place for the foreseeable future. Receipts from general consumer goods marked a steady and expected come back, led by family apparel, jewelry and home furnishing stores. When combined with solid greater economic trends, this is a welcome

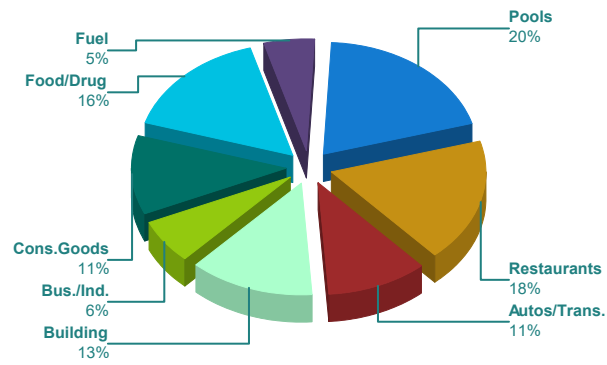
sign for many companies as a lead up to the normal holiday shopping period later this calendar year.

As consumers flock back into retail locations and with AB 147 fully implemented, growth from the county use tax pools - largely enhanced by out-of-state online sales activity - returned to more traditional gains of 9%. These results also included the reallocation of tax dollars previously distributed through the countywide pools to specific local jurisdictions that operate in-state fulfillment centers. Thus, the business and industry category, where fulfillment centers, medical-biotech vendors and garden-agricultural supplies are shown, jumped 26%.

In June, many restaurants reopened indoor dining. Given consumer desires to eat out and beautiful spring weather, all categories experienced a strong, much-needed rebound. However, labor shortages and a rise in menu prices continue to be a concern.

Looking ahead, sustained sales tax growth is still anticipated through the end of the 2021 calendar year. Inflationary effects are showing up in the cost of many taxable products. Pent up demand for travel and experiences, the return of commuters with more costly fuel, and labor shortages having upward pressure on prices may begin to consume more disposable income and tighten growth by the start of 2022.

REVENUE BY BUSINESS GROUP
Sonoma This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Sonoma Business Type	Q2 '21	Change	County Change	HdL State Change
Casual Dining	123,722	195.5% ↑	107.6% ↑	130.3% ↑
Grocery Stores	84,513	-1.9% ↓	-1.1% ↓	-0.9% ↓
Service Stations	49,792	44.5% ↑	60.0% ↑	73.9% ↑
Fine Dining	36,464	336.1% ↑	161.0% ↑	196.1% ↑
Hotels-Liquor	34,916	941.0% ↑	611.1% ↑	473.4% ↑
Wineries	31,803	52.2% ↑	38.7% ↑	45.4% ↑
Home Furnishings	28,763	51.5% ↑	82.2% ↑	88.5% ↑
Specialty Stores	19,432	66.2% ↑	68.4% ↑	67.7% ↑
Women's Apparel	16,422	325.8% ↑	354.7% ↑	266.8% ↑
Convenience Stores/Liquor	11,742	18.8% ↑	6.8% ↑	7.1% ↑

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