

CITY OF FORTUNA

SALES TAX UPDATE

3Q 2021 (JULY - SEPTEMBER)



FORTUNA

TOTAL: \$ 603,827

10.8%

3Q2021



4.7%

COUNTY



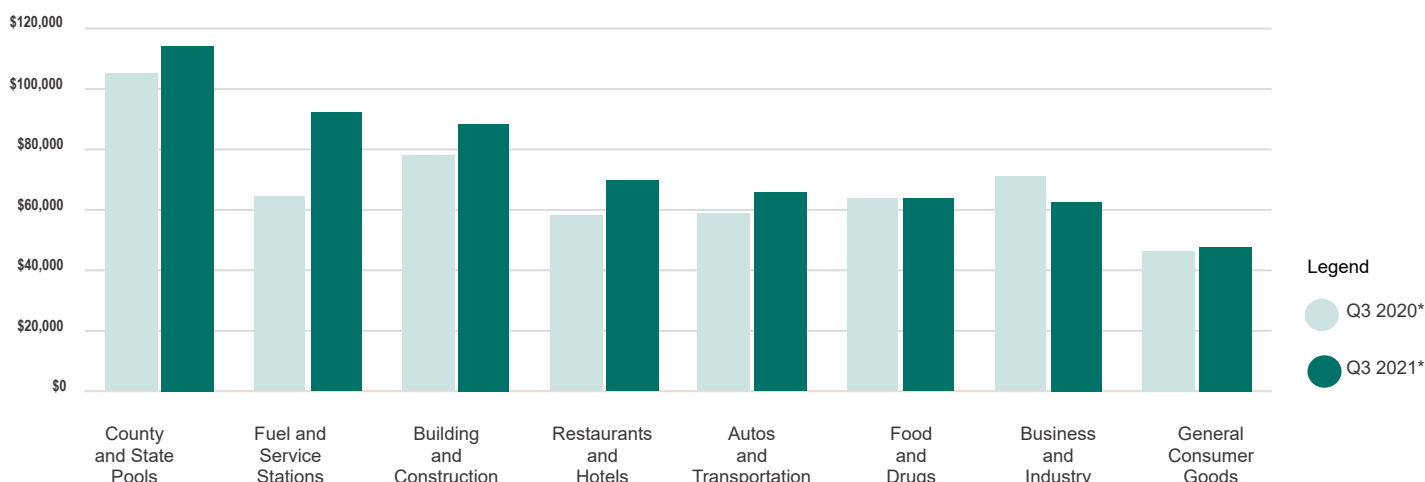
18.3%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure E

TOTAL: \$522,192

↑ 6.4%



CITY OF FORTUNA HIGHLIGHTS

Fortuna's receipts from July through September were 10.8% above the third sales period in 2020. Excluding reporting aberrations, actual sales were the same at 10.8%.

Economic recovery from year-ago pandemic impacts was evidenced in quarterly comparisons.

Travelers spent more time on streets and highways; greater consumption of gallons at inflated pump prices caused a 43% bounce back in fuel-service stations. This group also benefited from direct allocation reporting which commenced January 2021. Casual diners welcomed in many more patrons. Quick-service

eateries also reported better sales.

Autos-transportation remitted hearty returns. Building construction was a mixed bag; while contractors captured an 80% surge as summer activity was booming, demand for higher cost building materials declined. Cyclically based sales by garden/agricultural supplies fell lower which contributed to the overall reduction by the business-industry group. Aided by COVID recovery in general retail, restaurants and resident's acquisition of more vehicles,

Measure E posted a solid quarter as noted in the blue bar figures presented above.



TOP 25 PRODUCERS

Ace Hardware & Garden	Rite Aid
Beverage Plus Foods	Safeway
Cigarette Payless	Sequoia Gas
Eel River Brewing	Sunbelt Rentals
Forbusco Lumber	Tractor Supply
Fortuna Chevron	Valley Pacific Petroleum Services
Fortuna Gas 4 Less	Village Sport & Cycle
Gary Crivellos Cars	Walgreens
Grocery Outlet	Wyckoff Plumbing
Hummel Tire & Wheel	
Les Schwab Tire Center	
McDonalds	
Mercer Fraser	
O'Reilly Auto Parts	
Peterson Tractor	
Ray's Quality Cars	



STATEWIDE RESULTS

Local one cent sales and use tax receipts for sales occurring July through September were 18% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These aberrations had been much greater than normal in the last two years as the Governor's Executive Orders allowed businesses to defer some sales tax payments as a supportive measure during the pandemic. This program has now expired, and merchant remittances are more consistent, making cash receipts more reflective of underlying economic activity.

The prior year comparison quarter was the start of the pandemic recovery, and the strong growth enjoyed since continued with the recent results.

Surprisingly, one of the stronger sectors has been restaurants and hotels. Originally forecasted to take an extended amount of time to recover, statewide sales tax generated during the summer months exceeded amounts from pre-pandemic 2019. Even with the availability of indoor and outdoor dining, pent up demand resulted in long wait times to enjoy local culinary experiences. When combined with increasing restaurant tabs as the cost of food and staff wages surge, sales tax remittances are expected to continue growing. Additionally, while the industry awaits the return of foreign tourism in metropolitan areas, strong domestic travel has helped varied regions around the state especially Southern California and the Central Coast.

Receipts from general consumer goods marked a steady recovery, led by apparel retailers, jewelry, electronic/appliance and specialty outlets. Discount department stores, especially those selling gas, helped exemplify the strength of brick-and-mortar

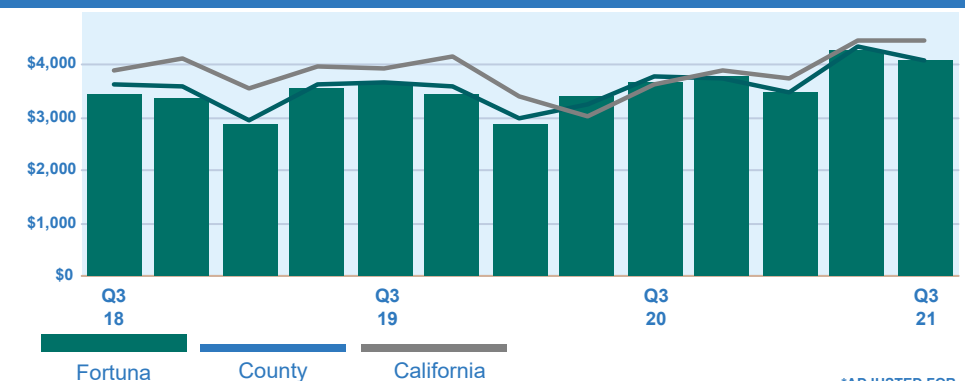
merchants. Gains from the countywide use tax pools however, slowed to 2% compared to the high-water mark last year, which had been boosted by new tax collecting requirements imposed under AB 147 for online retailers. All things considered, when combined with positive economic trends, these are a welcome sign leading up to the holiday shopping period.

Although car dealers had expressed concerns about inventory shortages due to supply chain disruptions and computer chip shortages earlier in the year, the sale of new and used vehicles posted solid gains regardless. Higher property values and good weather contributed to strong building

materials and contractor returns. As commuting workers and travelers returned to the road with increased gas prices, fuel and service stations also experienced a dramatic recovery.

Overall growth is expected to continue through the end of the 2021 calendar year. Possible headwinds into 2022 include: pent up demand for travel and experiences shifting spending away from taxable goods; higher prices for fuel, merchandise and services displacing more of consumer's disposable income; and expected interest rate hikes resulting in more costly financing for automobiles, homes, and consumer loans.

SALES PER CAPITA*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Fortuna Business Type	Q3 '21	Change	County Change	HdL State Change
Service Stations	77,402	25.8% ↑	20.2% ↑	53.6% ↑
Casual Dining	45,850	22.4% ↑	40.5% ↑	68.3% ↑
Contractors	37,783	80.5% ↑	17.1% ↑	12.2% ↑
Automotive Supply Stores	35,329	0.9% ↑	-2.7% ↓	4.5% ↑
Garden/Agricultural Supplies	26,844	-27.8% ↓	-22.1% ↓	1.2% ↑
Quick-Service Restaurants	23,565	15.9% ↑	4.1% ↑	13.5% ↑
Electronics/Appliance Stores	16,221	-3.6% ↓	4.7% ↑	19.7% ↑
Convenience Stores/Liquor	16,166	-1.0% ↓	-9.1% ↓	-0.3% ↓
Auto Repair Shops	12,579	14.3% ↑	6.6% ↑	15.3% ↑
Specialty Stores	2,665	8.7% ↑	2.8% ↑	21.4% ↑

*Allocation aberrations have been adjusted to reflect sales activity