

CITY OF AVALON

SALES TAX UPDATE

1Q 2021 (JANUARY - MARCH)



AVALON

TOTAL: \$ 122,415

-1.1%
1Q2021



2.6%
COUNTY

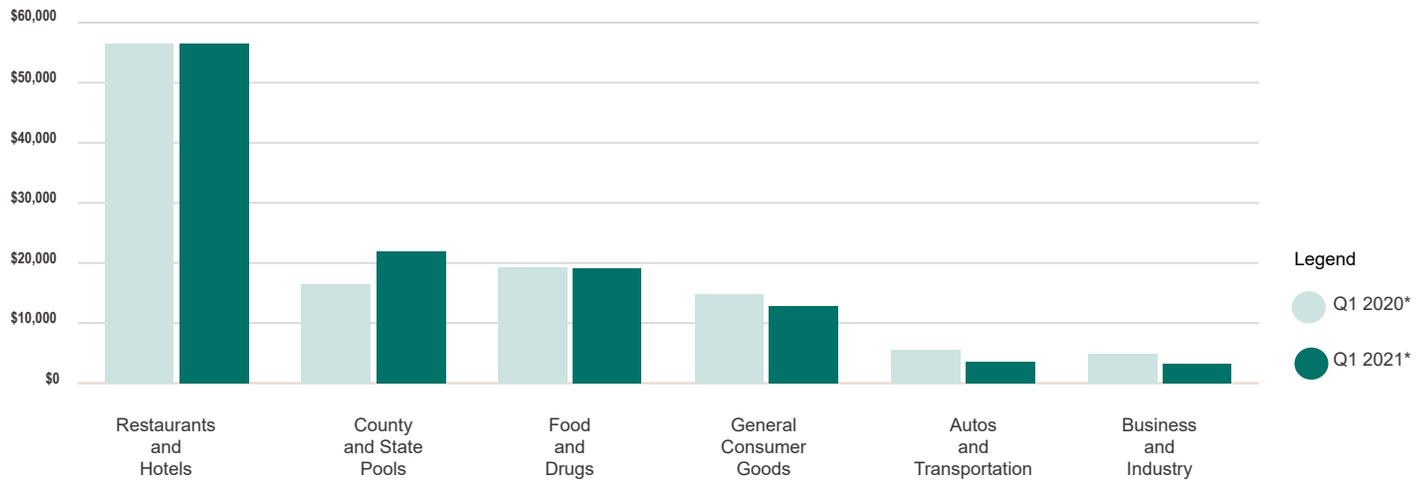


9.5%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF AVALON HIGHLIGHTS

Avalon's receipts from January through March were 49.2% above the first sales period in 2020. Excluding reporting aberrations, actual sales were down 1.1%.

The City's share of the countywide use tax pool increased 33.8% when compared to the same period in the prior year. Accelerated shifts in consumer behavior and online options are partially related to increased allocations from the pools.

Revenue from restaurants and hotels showed slight gains.

Retailers in the general consumer goods sector continue to struggle as consumers are focused on online shopping options. Food and drug sales remained flat.

The business and industry group posted

declines due to decreased traffic to the island.

Throughout the county, fuel prices began to rise in 1Q21, but consumption was lower when compared to the year-ago period. Regionally and across the State, consumers focused on upgrading outdoor spaces, adding gardens and home offices.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.6% over the comparable time period; the Southern California region was up 9.0%.



TOP 25 PRODUCERS

Abes Liquor Store
 Antonios Deli
 Antonios Pizzeria & Cabaret
 Avalon Mooring & Diving Service
 Bluewater Grill
 Casino Ballroom
 Catalina By The Sea
 Catalina Yamaha Golf Cars
 Chets Hardware
 Coney Island West
 Coyote Joe's
 El Galleon
 Island Threadz
 Jordahl Construction
 Leos Catalina Drugstore
 Lobster Trap
 Luau Larrys

Maggies Blue Rose
 Mi Casita Restaurant
 NDMK Fish House
 Perico Gallery
 Pic Nic Fry
 Sherrills Marine Services
 Steves Steakhouse
 Vons



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring January through March, was 9.5% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The Shelter-In-Place directive began one year ago which had the impact of immediate store and restaurant closures combined with remote/work from home options for employees which significantly reduced commuting traffic and fuel sales. When comparing to current period data, percentage gains are more dramatic. Furthermore, this pandemic dynamic combined with the Governor’s first Executive Order of last spring allowing for deferral of sales tax remittances explained why non-adjusted cash results were actually up 33%.

These initial recovery gains were not the same everywhere. Inland regions like Sacramento, San Joaquin Valley, Sierras, Far North and the Inland Empire area of Southern California performed much stronger than the Bay Area, Central Coast and metro areas of Southern California.

Within the results, solid performance by the auto-transportation and building-construction industries really helped push receipts higher. Weak inventories and scarcity for products increased the taxable price of vehicles (new & used), RV’s, boats and lumber which appeared to be a major driving force for these improved returns. Even though e-commerce sales activity continued to rise, brick and mortar general consumer retailers also showed solid improvement of 11% statewide.

An expected change occurred this quarter as a portion of use tax dollars previously distributed through the countywide pools was redirected to specific local jurisdictions. Changes in business structure required a

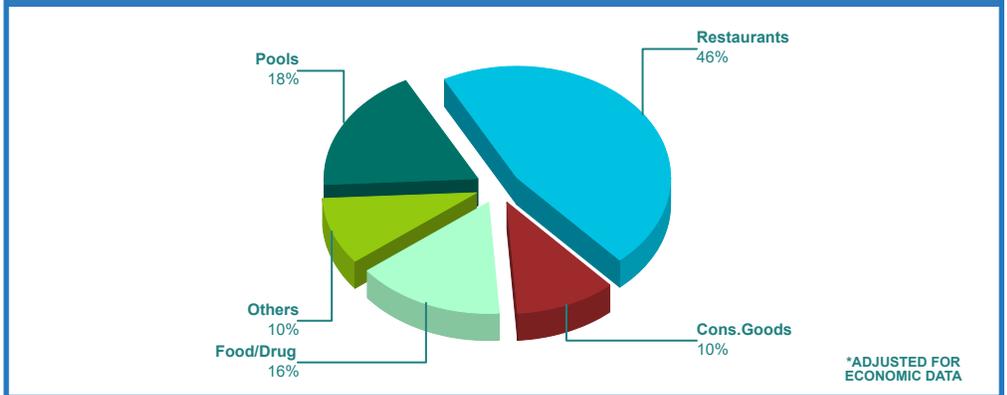
taxpayer to determine where merchandise was inventoried at the time orders were made. Therefore, rather than apportion sales to the county pool representing where the merchandise was shipped, goods held in California facilities required allocations be made to the agency where the warehouse resides. With this modification, the business and industry category jumped 18% inclusive of steady gains by fulfillment centers, medical-biotech and garden-agricultural suppliers. Even after the change noted, county pools surged 18% which demonstrated consumers continued desire to make purchases online.

Although indoor dining was available in many counties, the recovery for restaurants

and hotels still lagged other major categories. Similarly, while commuters and travelers slowly began returning to the road, the rebound for gas stations and jet fuel is trailing as well. Both sectors are expected to see revenues climb in the coming quarters as commuters and summer tourism heats up.

Looking ahead, sustained growth is anticipated through the end of the 2021 calendar year. As a mild head wind, pent up demand for travel and experiences may begin shifting consumer dollars away from taxable goods; this behavior modification could have a positive outcome for tourist areas within the state.

REVENUE BY BUSINESS GROUP
Avalon This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Avalon Business Type	Q1 '21	Change	County Change	HdL State Change
Casual Dining	47,932	-1.2% ↓	-25.7% ↓	-18.9% ↓
Art/Gift/Novelty Stores	5,159	-24.8% ↓	-21.6% ↓	-1.3% ↓
Family Apparel	4,060	-5.4% ↓	15.9% ↑	20.5% ↑
Quick-Service Restaurants	2,369	23.4% ↑	-2.8% ↓	1.1% ↑
Specialty Stores	1,904	-7.6% ↓	5.8% ↑	9.0% ↑
Sporting Goods/Bike Stores	468	-7.6% ↓	27.6% ↑	33.3% ↑

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