

CITY OF AVALON

SALES TAX UPDATE

2Q 2021 (APRIL - JUNE)



AVALON

TOTAL: \$ 318,689

189.1%
2Q2021



40.9%
COUNTY

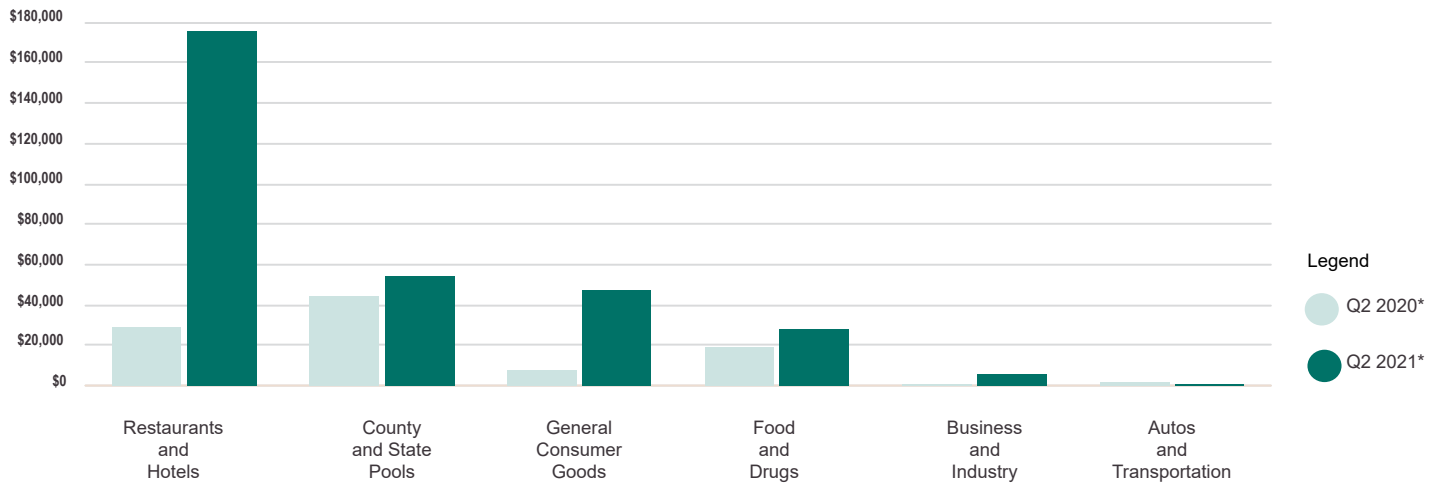


37.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF AVALON HIGHLIGHTS

Avalon's receipts from April through June were 49.2% above the second sales period in 2020. Excluding reporting aberrations, actual sales were up 189.1%.

The second quarter of 2021 saw tourism activities return with The Catalina Express ferry resuming daily passenger service from Long Beach to Avalon. Restaurants-hotels saw the most significant growth, with restaurants allowed to resume indoor dining.

General consumer goods posted positive results as retail stores reopened. Food-drugs reported higher receipts as the return of tourists meant increased foot traffic.

Although supply chain interruptions proved challenging for the business-industry sector, increases in new orders

resulted in higher revenue. The auto-transportation sector reported a slight decline in totals when compared to the year-ago period.

Across the State and the nation, the loosening of COVID restrictions in recent months has led to a rapid recovery in global demand for crude oil. The price of a barrel of oil has more than doubled when compared to the same period in the prior year, resulting in higher prices at the pump.

The City's share of the countywide use tax pool increased 19.9% and represented approximately 4.3% of the Avalon's revenue.

Net of aberrations, taxable sales for all of Los Angeles County grew 40.9% over the comparable time period; the Southern California region was up 40.3%.



TOP 25 PRODUCERS

Abes Liquor Store
 Antonios Pizzeria & Cabaret
 Bluewater Grill
 Buoys & Gulls
 Casino Ballroom
 Catalina By The Sea
 Catalina Shirt & Shade
 Catalina Sportswear & Souvenir
 Chets Hardware
 Coyote Joe's
 El Galleon
 Island Threadz
 Leos Catalina Drugstore
 Lobster Trap
 Luau Larrys
 Maggies Blue Rose
 Mi Casita Restaurant
 NDMK Fish House

Original Jacks
 Pancake Cottage
 Perico Gallery
 Pic Nic Fry
 Shades of Catalina
 Sugarloaf Books & Video
 Steves Steakhouse
 Vons



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

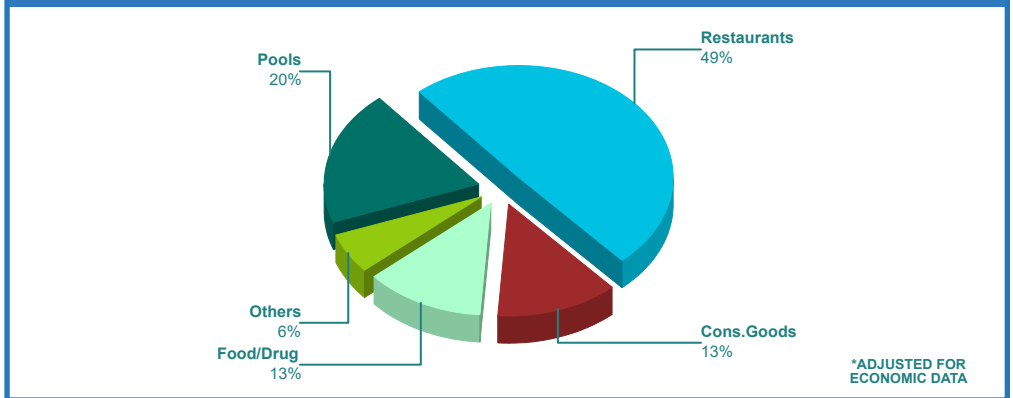
sign for many companies as a lead up to the normal holiday shopping period later this calendar year.

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 Avalon This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Avalon Business Type	Q2 '21	Change	County Change	HdL State Change
Casual Dining	151,998	541.2% ↑	145.5% ↑	130.2% ↑
Art/Gift/Novelty Stores	20,125	740.0% ↑	103.0% ↑	100.3% ↑
Family Apparel	16,365	620.9% ↑	247.4% ↑	230.5% ↑
Quick-Service Restaurants	6,682	557.0% ↑	31.9% ↑	28.9% ↑
Specialty Stores	4,257	247.0% ↑	71.7% ↑	67.7% ↑
Sporting Goods/Bike Stores	2,717	98.9% ↑	39.3% ↑	35.8% ↑

*Allocation aberrations have been adjusted to reflect sales activity