

CITY OF AVALON

SALES TAX UPDATE

3Q 2021 (JULY - SEPTEMBER)



AVALON

TOTAL: \$ 436,380

41.2%
3Q2021



20.0%
COUNTY

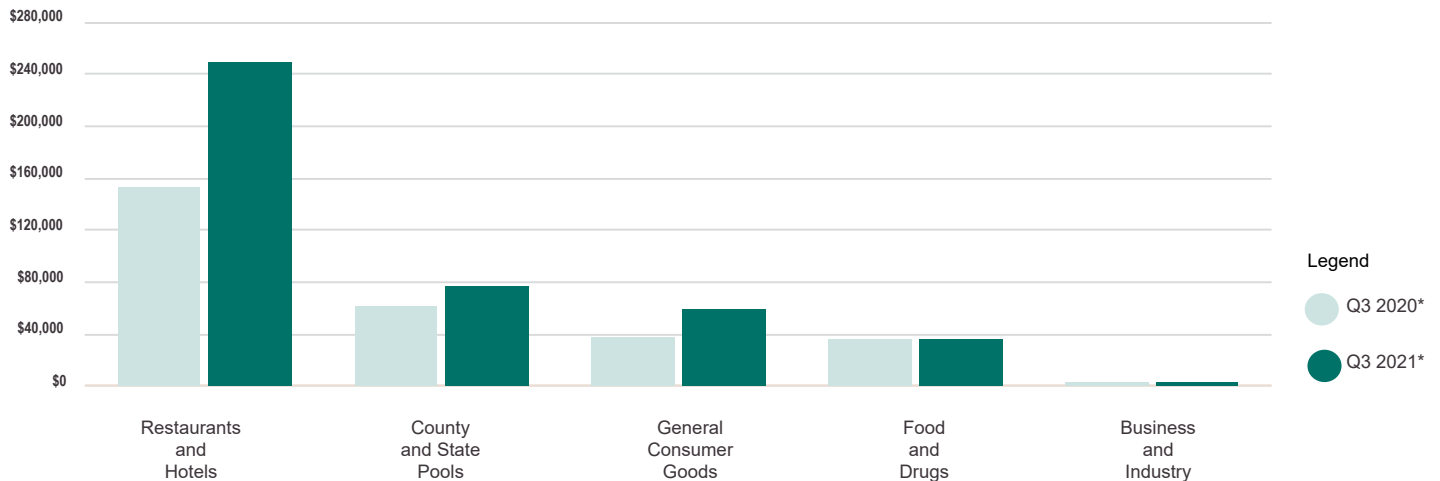


18.2%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF AVALON HIGHLIGHTS

Avalon's receipts from July through September were 40.0% above the third sales period in 2020. Excluding reporting aberrations, actual sales were up 41.2%.

While visitor-driven revenues plummeted in 2019, numbers peaked above pre-pandemic levels in the third quarter of 2021.

Increasing prices for wholesale groceries, higher wages and rising menu prices have pushed up receipts from restaurants-hotels.

General consumer goods posted positive growth as retail stores reopen and tourist return to the island to enjoy shopping without lockdowns or restrictions.

Revenue from food-drugs have seen a slight up-tick as the cost of manufacturing and shipping taxable

household products have skyrocketed.

New orders for manufactured goods resulted in increases from the business-industry sector.

The City's share of the countywide use tax pool increased 24.0% when compared to the same period in the prior year.

Net of aberrations, taxable sales for all of Los Angeles County grew 20.0% over the comparable time period; the Southern California region was up 19.9%.



TOP 25 PRODUCERS

- Abes Liquor Store
- Antonios Pizzeria & Cabaret
- Avalon Harbor Fuel Dock
- Bluewater Grill
- Buoys & Gulls
- Casino Ballroom
- Catalina By The Sea
- Chets Hardware
- Coyote Joe's
- El Galleon
- Island Threadz
- Leos Catalina Drugstore
- Lobster Trap
- Luau Larrys
- Maggies Blue Rose
- Marlin Club
- Mi Casita Restaurant
- NDMK Fish House

- Original Jacks
- Pancake Cottage
- Perico Gallery
- Pic Nic Fry
- Steves Steakhouse
- Three Palms Avalon Arcade
- Vons



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

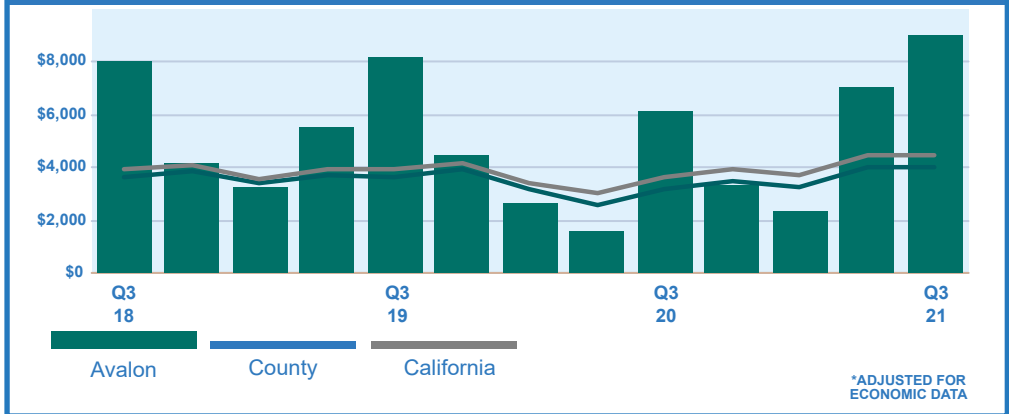
merchants. Gains from the countywide use tax pools however, slowed to 2% compared to the high-water mark last year, which had been boosted by new tax collecting requirements imposed under AB 147 for online retailers. All things considered, when combined with positive economic trends, these are a welcome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



TOP NON-CONFIDENTIAL BUSINESS TYPES

Avalon Business Type	Q3 '21	Change	County Change	HdL State Change
Casual Dining	210,963	68.7% ↑	75.6% ↑	68.4% ↑
Art/Gift/Novelty Stores	24,386	46.8% ↑	68.2% ↑	35.8% ↑
Family Apparel	21,413	75.8% ↑	43.5% ↑	38.9% ↑
Quick-Service Restaurants	6,768	4.2% ↑	15.3% ↑	13.5% ↑
Specialty Stores	6,149	27.0% ↑	25.7% ↑	21.4% ↑
Sporting Goods/Bike Stores	1,425	23.5% ↑	3.1% ↑	2.3% ↑

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