

CITY OF AVALON

SALES TAX UPDATE

4Q 2020 (OCTOBER - DECEMBER)



AVALON

TOTAL: \$ 170,877

-19.8%

4Q2020



-7.7%

COUNTY



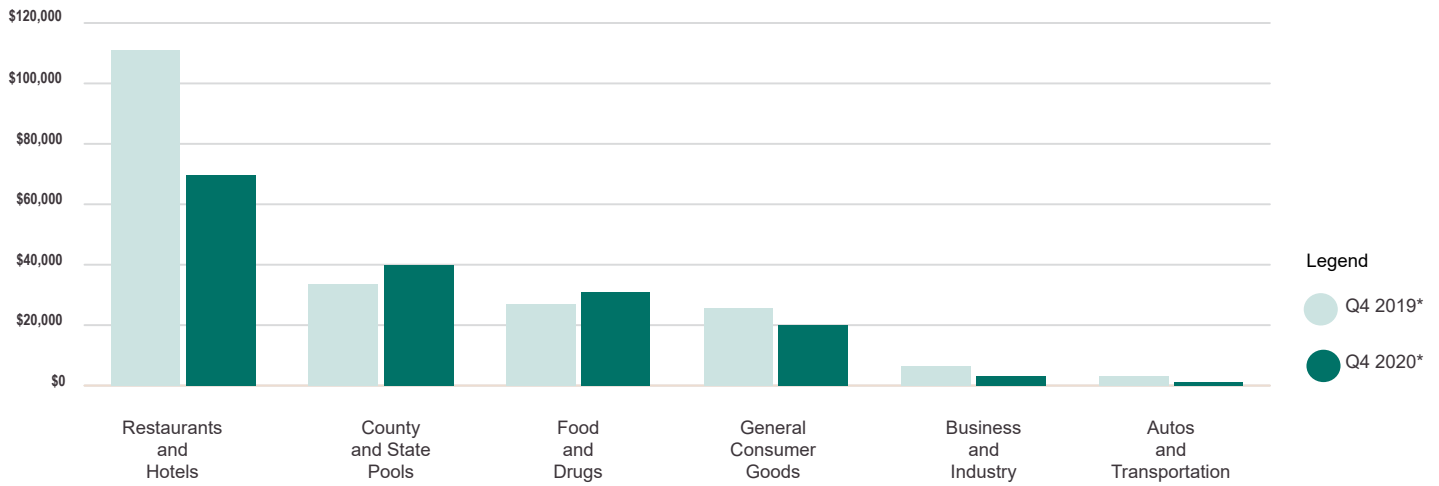
-2.0%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF AVALON HIGHLIGHTS

Avalon's receipts from October through December were 19.8% below the fourth sales period in 2019.

Limited travel and temporary closure negatively impacted revenue from restaurants and hotels. Revenue from general consumer goods declined further in the fourth quarter as measures to slow the spread of Covid-19 reduced tourism at local retail stores.

The business-industry sector is attempting to recovery from shortages brought on by temporary production shut-downs last spring.

Autos-transportation faced inventory shortages as the industry is struggling to recover from the two-month shutdown of factories last spring due to the pandemic.

Food-drug stores posted solid gains and more consumers turned to cooking at home.

Total indirect tax allocated through the Los Angeles countywide use-tax pool was 28.3% higher than the same period one year ago. Avalon's share of that same countywide use tax pool increased 18.8% when compared to the year ago period.

Net of aberrations, taxable sales for all of Los Angeles County declined 7.7% over the comparable time period; the Southern California region was down 2.7%.



TOP 25 PRODUCERS

Abes Liquor Store
 Antonios Deli
 Antonios Pizzeria & Cabaret
 Avalon Fuel Dock
 Avalon Liquor Store & Gifts
 Bluewater Grill
 Buoys & Gulls
 Casino Ballroom
 Catalina By The Sea
 Catalina Sportswear & Souvenir
 Chets Hardware
 Coney Island West
 Coyote Joe's
 El Galleon
 Island Threadz
 Leos Catalina Drugstore
 Lobster Trap

Luau Larrys
 Maggies Blue Rose
 Mi Casita Restaurant
 Original Jacks
 Perico Gallery
 Pic Nic Fry
 Steves Steakhouse
 Vons



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring October through December, the holiday shopping season, was 1.9% lower than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous periods. Lower receipts were primarily concentrated in the Bay Area and coastal southern regions while much of inland California, including the San Joaquin Valley, Inland Empire, and northern regions, exhibited solid gains.

As expected, the larger place of sale categories which have been negatively impacted throughout the pandemic continue to be brick and mortar general consumer goods retailers like family apparel, department, and electronics/appliance stores. With limited to zero allowed indoor dining (depending on a County's Covid-19 tier assignment), restaurants and hotels suffered the largest losses especially in communities that strongly rely on tourism. Although the workforce has slowly begun to return to physical office environments, fuel and service stations revenues lagged the prior year performance.

It does not appear that Governor Newsom's second 'shelter at home' directive, initiated by the increase in Covid-19 cases had an impact on overall results. While some merchants chose to utilize the Governor's executive order allowing for a 90-day deferral of sales tax remittance, it was substantially less than the similar opportunity companies utilized during the 1st and 2nd quarters of 2020. The outstanding payments for most California cities will be remitted before the end of the 2020-21 fiscal year.

On the bright side, as consumer confidence stabilized post the national presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

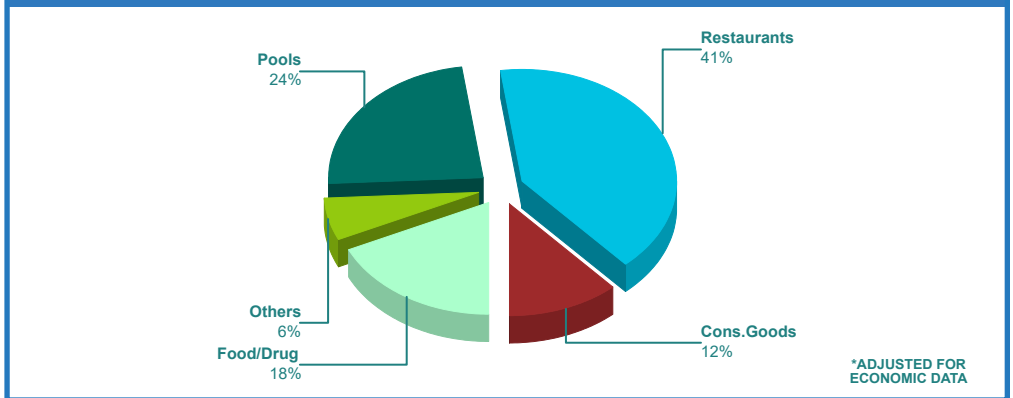
The building-construction sector, with 1) increased price of goods - like lumber, 2) continued home improvement projects, and 3) advantageous fall/winter weather conditions saw strong gains that remained consistent throughout the calendar year.

Exponential growth from countywide use tax pools further helped offset

the declines. Greater online shopping signifying a permanent shift of consumer habits to this more convenient experience was inevitable.

On the horizon, mass deployment of the Covid-19 vaccine will help a greater number of businesses, restaurants and theme parks to reach reopen status. Recent approval of the American Rescue Plan Act of 2021 will further support greater consumer spending, albeit in targeted segments. Pent up demand for summer outdoor experiences and travel is likely and thereby household spending is temporarily reverted away from taxable goods when compared to recent activity.

REVENUE BY BUSINESS GROUP
Avalon This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Avalon Business Type	Q4 '20	Change	County Change	HdL State Change
Casual Dining	58,095	-35.3% ↓	-45.3% ↓	-39.4% ↓
Art/Gift/Novelty Stores	9,444	-15.3% ↓	-23.8% ↓	-16.6% ↓
Family Apparel	5,606	-35.7% ↓	-19.3% ↓	-16.2% ↓
Quick-Service Restaurants	3,683	-25.2% ↓	-12.2% ↓	-8.7% ↓
Specialty Stores	2,365	-31.2% ↓	-10.7% ↓	-6.8% ↓
Repair Shop/Equip. Rentals	1,812	187.4% ↑	-11.1% ↓	-2.5% ↓
Leisure/Entertainment	1,578	-69.7% ↓	-85.4% ↓	-75.9% ↓
Sporting Goods/Bike Stores	625	-29.2% ↓	21.6% ↑	20.3% ↑

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