

CITY OF SEAL BEACH

SALES TAX UPDATE

4Q 2020 (OCTOBER - DECEMBER)



SEAL BEACH

TOTAL: \$ 1,053,016

-8.4%

4Q2020



-1.9%

COUNTY



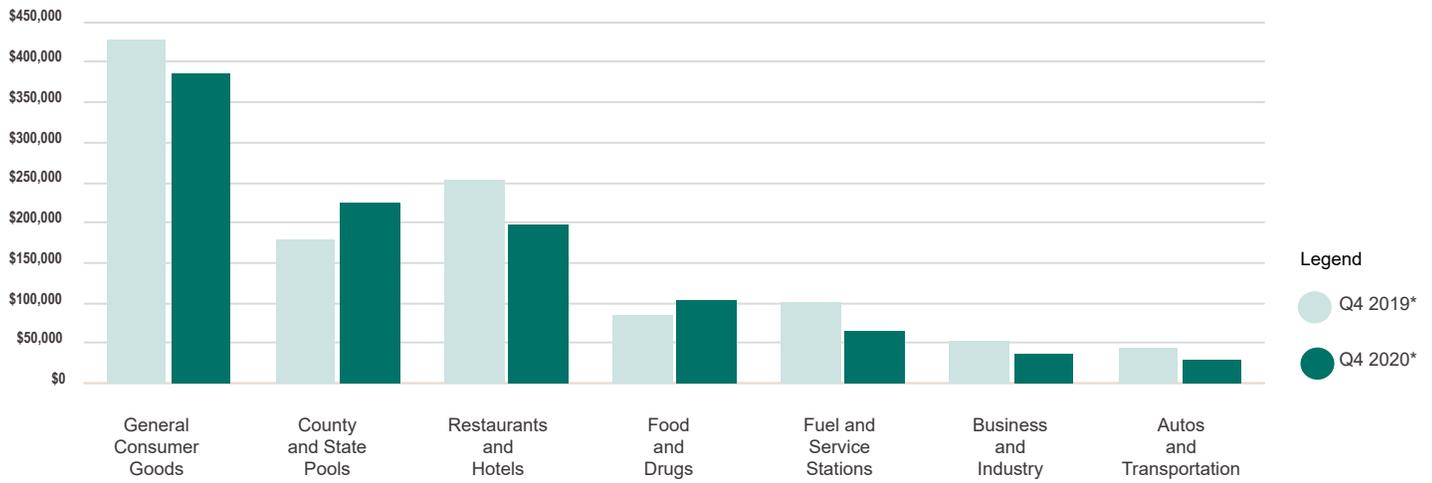
-2.0%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure BB

TOTAL: \$1,394,255

↓ -4.1%



CITY OF SEAL BEACH HIGHLIGHTS

Seal Beach's receipts from October through December were 7.5% below the fourth sales period in 2019. Excluding reporting aberrations, actual sales were down 8.4%.

Casual dining restaurants were down 24% as the Governor's regional stay-at-home order in December prohibited on-site dining for a second time and as the Covid-19 crisis hampered tourism. The recent opening of two popular new eateries in town, however, helped to offset the magnitude of the overall loss and outperform the -39% statewide trend for the category.

General consumer goods stores were

lower as many shoppers chose to buy products online rather than visit physical stores amid contagion related fears and store capacity restrictions. Local service station receipts fell 33% as fuel demand was softened by the crisis.

Conversely, allocations from the countywide use tax pool were up 26% after a recent legislative change has expanded the number of internet purchases subject to taxation along with the shift in preference to online shopping during the epidemic.

Voter approved Measure BB generated an additional \$1,394,000 above the amounts discussed above.



TOP 25 PRODUCERS

- | | |
|------------------------|------------------------|
| 76 | Petsmart |
| Bed Bath & Beyond | Ralphs |
| Burlington | Roger Dunn Golf Shop |
| Chevron | Seal Beach |
| Chevron | Spaghettini |
| Chick Fil A | Sprouts Farmers Market |
| CVS Pharmacy | Staples |
| Home Goods | Target |
| In N Out Burger | Ulta Beauty |
| Kohls | |
| Marshalls | |
| McDonalds | |
| Mobil | |
| Old Ranch Country Club | |
| Original Parts Group | |
| Pavilions | |



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.

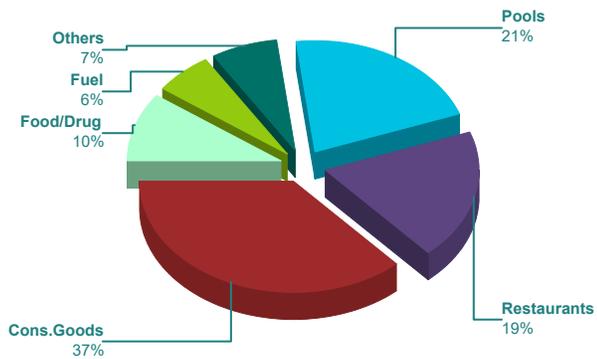
The building-construction sector, with 1) increased price of goods - like lumber, 2) continued home improvement projects, and 3) advantageous fall/winter weather conditions saw strong gains that remained consistent throughout the calendar year.

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
Seal Beach This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Seal Beach Business Type	Q4 '20	Change	County Change	HdL State Change
Casual Dining	92,500	-26.5% ↓	-32.3% ↓	-39.4% ↓
Quick-Service Restaurants	64,374	-1.6% ↓	-6.0% ↓	-8.7% ↓
Service Stations	63,035	-33.4% ↓	-34.8% ↓	-31.2% ↓
Family Apparel	59,326	-8.3% ↓	-6.3% ↓	-16.1% ↓
Home Furnishings	58,899	-0.6% ↓	3.4% ↑	1.0% ↑
Sporting Goods/Bike Stores	33,852	35.3% ↑	31.5% ↑	20.3% ↑
Specialty Stores	32,199	-4.9% ↓	-5.2% ↓	-6.7% ↓
Fast-Casual Restaurants	21,711	-17.4% ↓	-12.5% ↓	-12.0% ↓
Women's Apparel	20,018	-39.5% ↓	-31.8% ↓	-36.0% ↓
Electronics/Appliance Stores	16,567	-6.8% ↓	-28.6% ↓	-25.0% ↓

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