

CITY OF LAGUNA NIGUEL

SALES TAX UPDATE

2Q 2021 (APRIL - JUNE)



LAGUNA NIGUEL

TOTAL: \$ 3,330,981

23.2%



37.6%



37.3%



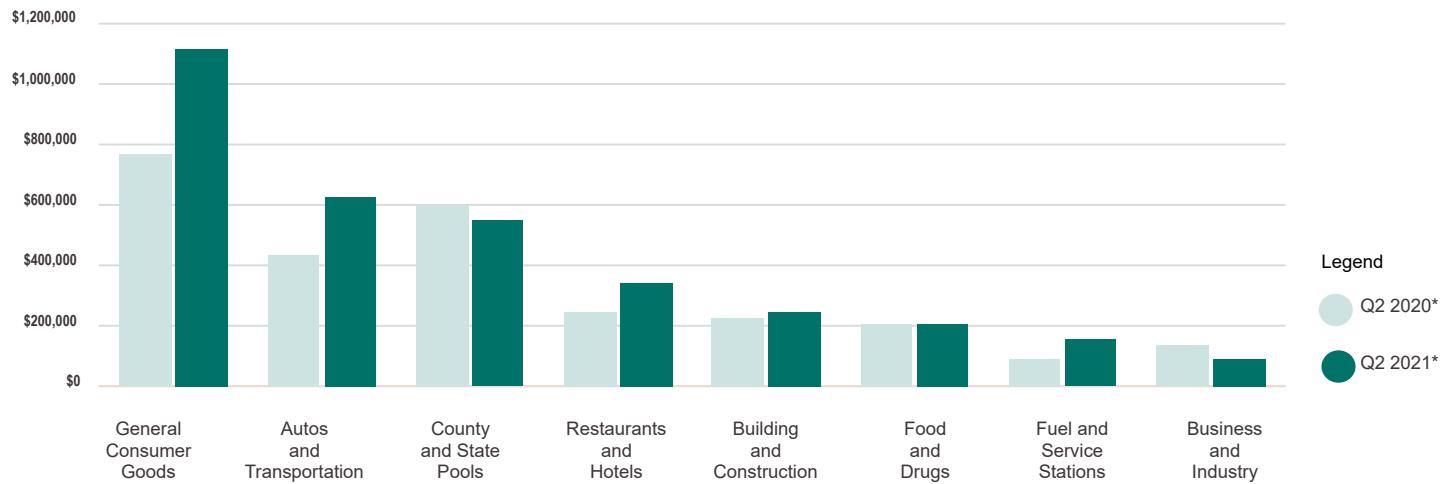
2Q2021

COUNTY

STATE

*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF LAGUNA NIGUEL HIGHLIGHTS

Laguna Niguel's receipts from April through June were 19.0% above the second sales period in 2020. Excluding reporting aberrations, actual sales were up 23.2%.

The City's local economy began to emerge from COVID-19 as consumers began to slowly return to in-person activities including shopping and work.

Positive returns were seen in most business types in the general consumer goods sector including specialty stores, home furnishings, family apparel, and electronics/appliance stores.

Sales from most restaurants including quick service, fast casual, and leisure/entertainment were also solid. Demand for fuel increased for the first time in the past six quarters, and the associated service station receipts were up.

Negative results from business services and a drop in the county and state pool allocation combined to offset the overall gain.

Net of aberrations, taxable sales for all of Orange County grew 37.6% over the comparable time period; the Southern California region was up 40.3%.

Albertsons
Chevron
Chick Fil A
Circle K
Costco
Daimler Trust
GMC & Cadillac of Laguna Niguel
Hobby Lobby
Home Depot
Hyundai i& Genesis of Laguna Niguel
In N Out Burger
Kohls
Laguna Niguel Shell
Marshalls
McDonalds
Mercedes Benz of Laguna Niguel
Nordstrom Rack

Pavilions
Ralphs
Sepulveda Building Materials
South Coast Shingle
Tucker Tire
Verizon Wireless
Walmart
Whole Foods Market



TOP 25 PRODUCERS



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.

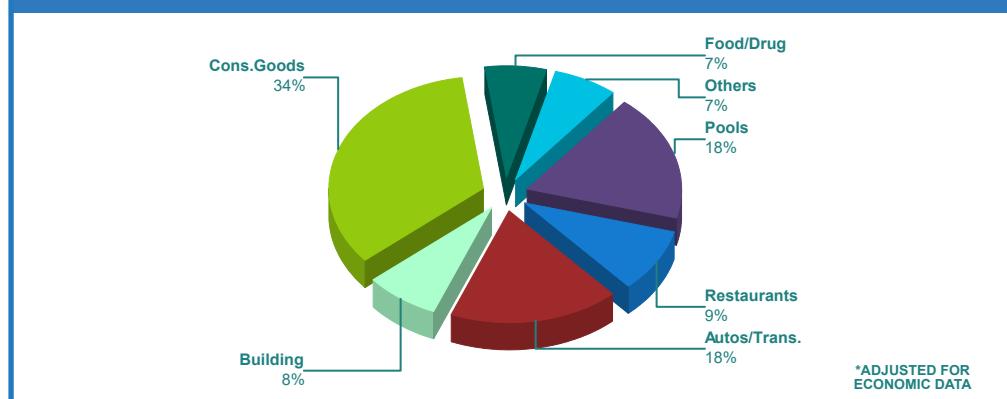
As consumers flock back into retail locations and with AB 147 fully implemented, growth from the county use tax pools - largely enhanced by out-of-state online sales activity - returned to more traditional gains of 9%. These results also included the reallocation of tax dollars previously distributed 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

Laguna Niguel This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Laguna Niguel Business Type	Q2 '21*	Change	County Change	HdL State Change
Building Materials	215.9	13.5%	19.4%	21.8%
Service Stations	153.8	68.8%	82.1%	73.9%
Grocery Stores	138.4	-3.1%	-3.5%	-0.9%
Quick-Service Restaurants	129.8	18.4%	26.3%	28.8%
Auto Lease	120.5	2.2%	2.6%	3.3%
Casual Dining	119.6	74.5%	134.3%	130.4%
Fast-Casual Restaurants	80.7	24.5%	37.8%	43.6%
Specialty Stores	72.0	108.5%	64.5%	67.7%
Home Furnishings	58.3	81.7%	97.9%	88.5%
Family Apparel	43.3	120.7%	172.3%	230.5%

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*In thousands of dollars