

CITY OF LAGUNA NIGUEL

SALES TAX UPDATE

1Q 2022 (JANUARY - MARCH)



LAGUNA NIGUEL
TOTAL: \$ 3,396,083

14.0%
1Q2022



20.1%
COUNTY

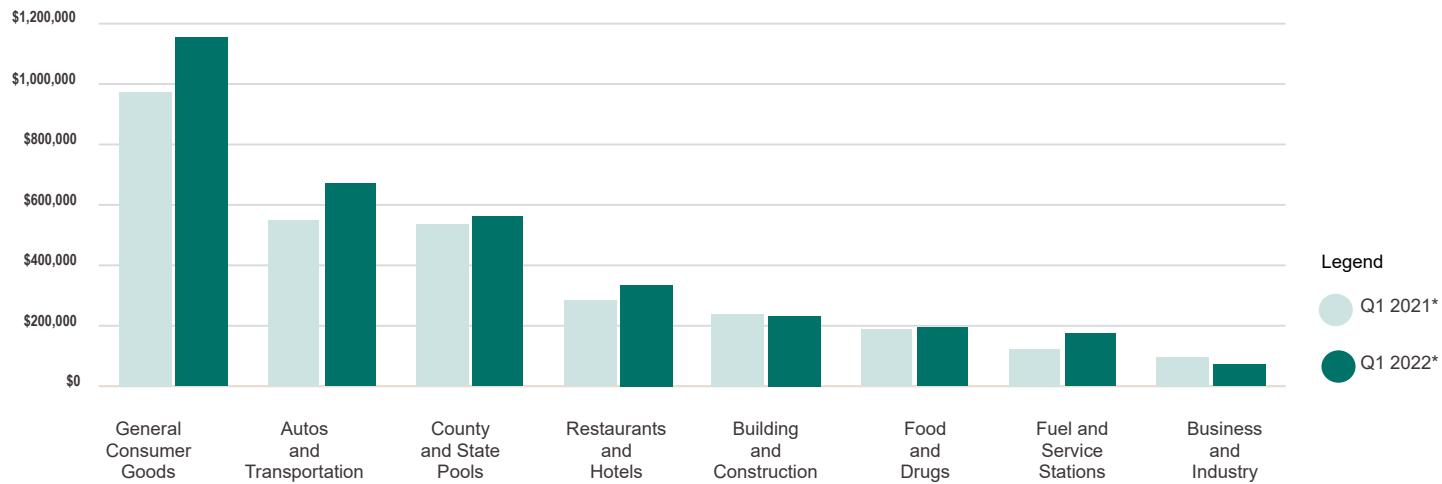


17.1%
STATE



*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 January through March were 11.1% above the first sales period in 2021. Excluding reporting aberrations, actual sales were up 14.0%.

The local economy has continued to show signs of post-pandemic growth. Most general consumer goods segments expanded including specialty and electronics/appliance stores.

The City experienced solid growth from casual dining and leisure/entertainment restaurants; however, the restaurants and hotels sector has been impacted by escalating costs and staff shortages that present ongoing challenges for operators and are expected to slow growth over the coming few quarters.

All factors within the fuel and service stations sector are continuing to

experience upward pressure, which has boosted the associated sales tax. Receipts from auto lease, drug stores, medical/biotech, building materials, and state and county pools were also up.

Returns from contractors decreased, which partially offset the overall gain.

Net of aberrations, taxable sales for all of Orange County grew 20.1% over the comparable time period; the Southern California region was up 19.2%.

Albertsons
Avery Energy
Chevron
Circle K
Costco
Crown Valley Shell
Daimler Trust
GMC & Cadillac of Laguna Niguel
Home Depot
Hyundai & Genesis Of Laguna Niguel
In N Out Burger
Kohls
Laguna Niguel Shell
Marshalls
McDonalds
Mercedes Benz of Laguna Niguel
Nordstrom Rack



TOP 25 PRODUCERS

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



STATEWIDE RESULTS

California's local one-cent sales and use tax for sales occurring January through March was 17% higher than the same quarter one year ago, after adjusting for accounting anomalies and onetime payments from previous quarters. By all accounts, the California retail economy continues roaring along. Even with instability in the stock market, the crisis in Ukraine pushing up the global price of crude oil and the U.S. Federal Reserve Board beginning to tackle inflation with a series of rate increases, consumer spending continued at a strong pace.

The invasion of Ukraine by Russian military forces on February 24 had an immediate upward impact on the global price of crude oil due to fears of supply shortages. Subsequently this has caused a dramatic jump to California consumer gas and diesel prices at a time when many in the workforce were commuting back into offices, also contributing to an overall increase in consumption. As expected, fuel and service station receipts increased 47% over last year and show no signs of pulling back with summer travel right around the corner.

Sales of new and used vehicles continue to be robust causing the autos and transportation sector to jump 15% for the period. Inventory shortages by some dealers may have caused buyers to experience a Fear Of Missing Out (FOMO) and pay elevated prices while interest rates remained lower. Automotive brands that have committed to full electric or hybrid models are attractive with consumers, especially given the sudden rise in fuel prices.

Post-holiday retail sales of general consumer goods remained solid, improving 10%. Prior supply chain concerns have dissipated, port operations are returning to normal and headwinds from inflation and higher cost goods haven't yet slowed consumer demand. The stellar returns

were largely driven by discount department stores, especially those selling gas.

These results mark the fourth full quarter in a row that restaurant and hotel receipts have increased. While higher menu prices have contributed, steady demand by patrons to dine out is also propelling the gains. Furthermore, theme parks and entertainment venues throughout the state are busy. With the summer tourism and travel season approaching, the industry is positioned to maintain post-pandemic growth and remain positive through 2022.

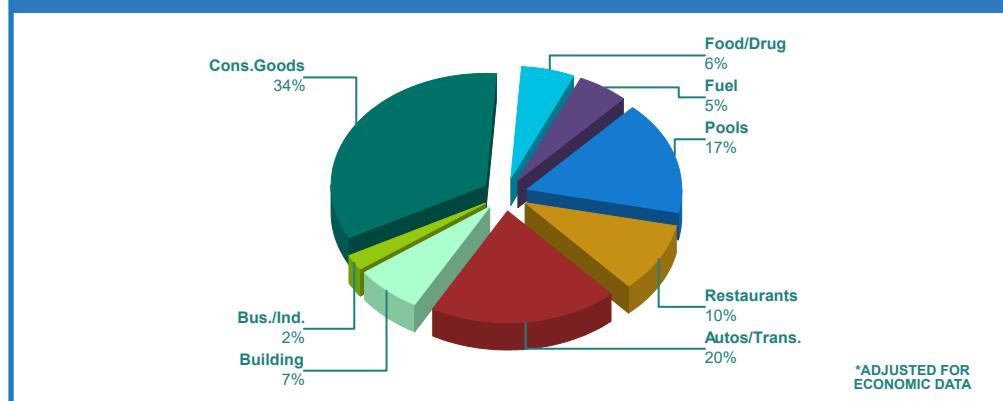
Use taxes generated by online sales and purchases from out-of-state vendors allocated via the county pools, heartily surpassed expectations, gaining 13% over

the comparison period. Shoppers bought a range of merchandise and spending by businesses on capital equipment remained sensational.

The first quarter sales period contributed to an already strong 2021-22 fiscal year for most municipalities statewide. However, continued inflationary pressure, soaring interest rates and record gas prices may soften growth going into 2022-23.

REVENUE BY BUSINESS GROUP

Laguna Niguel This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Laguna Niguel Business Type	Q1 '22*	Change	County Change	HdL State Change
Building Materials	210.3	3.0% ↑	8.5% ↑	7.8% ↑
Service Stations	173.5	40.7% ↑	53.2% ↑	43.3% ↑
Casual Dining	133.4	48.9% ↑	46.7% ↑	55.8% ↑
Grocery Stores	127.8	-0.2% ↓	3.4% ↑	3.3% ↑
Quick-Service Restaurants	109.5	-0.5% ↓	9.8% ↑	7.8% ↑
Auto Lease	105.2	-18.1% ↓	-10.5% ↓	-7.5% ↓
Fast-Casual Restaurants	77.2	0.5% ↑	10.6% ↑	11.4% ↑
Specialty Stores	72.9	9.6% ↑	17.4% ↑	10.9% ↑
Home Furnishings	54.9	13.5% ↑	1.9% ↑	0.9% ↑
Drug Stores	39.9	9.8% ↑	10.1% ↑	9.0% ↑

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars