

CITY OF PORT HUENEME

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



PORT HUENEME

TOTAL: \$ 571,313

-3.8%

4Q2022



10.9%

COUNTY



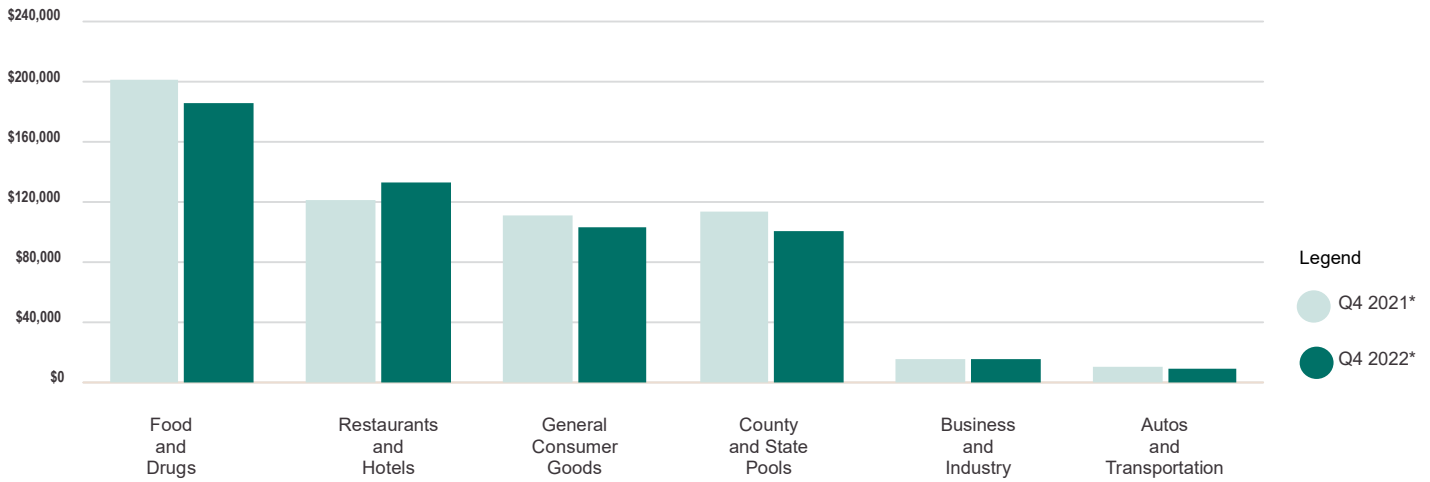
4.7%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure W

TOTAL: \$468,349

↑ 14.5%

Measure U

TOTAL: \$936,912

↑ 14.5%



CITY OF PORT HUENEME HIGHLIGHTS

Port Hueneeme's receipts from October through December were 2.9% below the fourth sales period in 2021. Excluding reporting aberrations, actual sales were down 3.8%.

Patrons continued to enjoy being outside, as seen by the strong quarterly results for the restaurant & hotels sector. Even with higher menu prices, from labor and food cost increases, guests continued to dine-in and take-out food propelling the sector to a 9.9% increase.

A downward trend for the food & drug sector, as the cannabis sub-sector had another lower performance quarter. This follows a statewide trend as more

agencies allow dispensaries.

General consumer goods were down (6.8%) as consumers have begun pulling back on discretionary purchases as high inflation continues to impact disposable income.

The City's share of the countywide use tax pool decreased (15.5%) when compared to the same period in the prior year. The City's voter-approved Measure W and U generated 246.1% of the Bradley-Burns tax.

Net of aberrations, taxable sales for all of Ventura County grew 10.8% over the comparable time period; the Southern California region was up 5.1%.



TOP 25 PRODUCERS

99 Cents Only
Big Lots
CVS Pharmacy
Dollar Tree
El Capire
From the Earth
Habit Burger Grill
IHOP
Jack in the Box
Liebherr Mining & Construction Equipment Inc
McDonalds
Panda Express
Petco
Ralphs

Rite Aid
Ross
SafePort
Skunkmasters
Taco Bell
Tampa Hardware
Tradecraft Farms
Tree Factory
USA Gas
Wendy's
Wheelhouse



STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of October through December were 4.7% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, experienced solid results which lifted revenue to local agencies across the State.

Overall, general consumer goods growth was up a meager 1.8%, in large part from merchants also selling gas as prices remained elevated over last year. Otherwise, many brick and mortar retailers experienced mixed results as the phenomenal prior year activity made for an extremely difficult comparison. This was especially true for jewelry stores receipts which had soared tremendously after the pandemic as consumers diversified readily available cash into other assets.

Commuters and seasonal travelers were again burdened with gas prices above \$5 per gallon in most of the State, leaving fuel-service stations 10% higher than a year ago. However, this trend did not distract from spending at local restaurants and hotels. Increased menu prices and return-to-office workplaces enhanced gains, with the Bay Area experiencing it's greatest amount of post-pandemic rebound.

Although inventory shortages negatively impacted unit sales and leasing activity throughout 2022, year-end returns by new car dealers, especially high-end luxury and electric/hybrid brands, sustained auto-transportation sector gains. In contrast, rising interest rates and higher gas prices pulled trailer-RV revenues lower. Steady housing demand and pend up construction projects delayed by supply chain interruptions have contractors contributing the majority of growth within the building-

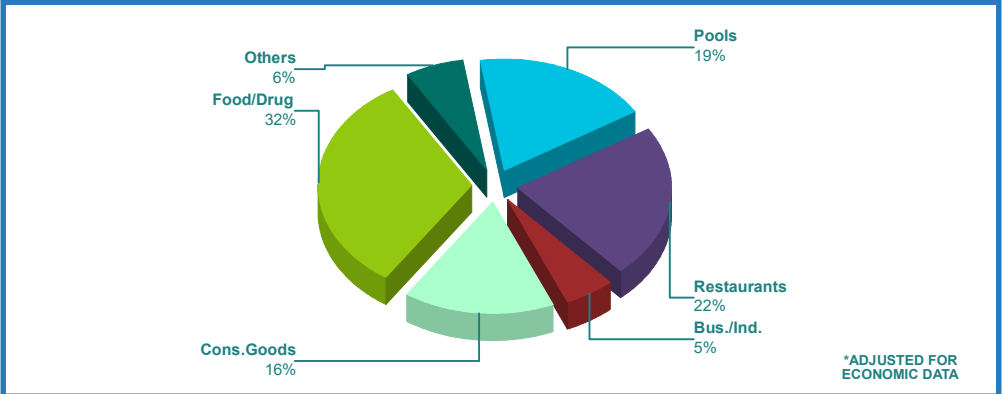
construction sector. With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

Use taxes remitted via the countywide pools rose a scant 0.3%. While national ecommerce spending behaviors climbed upward again, expansion of more in-state fulfilment centers plus retailers using existing locations to deliver goods tied to online orders shifted taxes away from pools. The offsetting effect was these dollars being directed to local agency's coffers where the goods resided. This evolving trend is anticipated to persistently weaken taxes coming from the pools in the near term.

Looking back, calendar year 2022 exhibited a 9.5% surge in tax receipts compared to 2021. Each of the eight major tax categories all reported greater returns. Most influential was inflation that drove up prices on everything from normal daily purchases to vehicles. Secondly, all-time peak global crude oil costs had fuel seller's payments skyrocketing.

Heading into 2023, additional interest rate hikes along with consumer sentiment waning about the economy foretells minimal change coming from California's taxable sales in the months ahead.

REVENUE BY BUSINESS GROUP Port Hueneme This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Port Hueneme Business Type	Q4 '22	Change	County Change	HdL State Change
Cannabis Related	128,306	-12.8% ↓	27.8% ↑	-6.4% ↓
Quick-Service Restaurants	64,793	8.5% ↑	5.8% ↑	5.7% ↑
Casual Dining	40,796	7.2% ↑	6.1% ↑	8.1% ↑
Fast-Casual Restaurants	27,641	17.8% ↑	7.7% ↑	6.6% ↑
Convenience Stores/Liquor	16,129	0.4% ↑	-1.5% ↓	0.9% ↑
Specialty Stores	14,033	-7.4% ↓	3.3% ↑	1.9% ↑
Cigarette/Cigar Stores	13,773	13.2% ↑	5.9% ↑	1.3% ↑
Electronics/Appliance Stores	11,843	-12.5% ↓	5.0% ↑	10.8% ↑
Business Services	670	71.0% ↑	8.7% ↑	7.7% ↑
Light Industrial/Printers	281	-58.0% ↓	10.4% ↑	4.2% ↑

*Allocation aberrations have been adjusted to reflect sales activity