

Q1 2020



City of Irwindale Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2020)

Irwindale In Brief

Irwindale's receipts from January through March were 18.6% below the first sales period in 2019. Excluding reporting aberrations, actual sales were down 3.8%.

The COVID-19 pandemic began impacting sales tax revenue during the last two weeks in March. Sales tax deferrals and payment plan orders signed by Governor Newsom furthered impaired cash flow to local governments.

Business closures negatively impacted receipts from building-construction. Revenue from general consumer goods plunged as safe at home orders were implemented.

Revenue from restaurants-hotels dipped as in-person dining establishments shuttered their doors. The business-industry sector suffered as most employees were unable to transition to working from home.

Fuel-service station totals dipped as the price of a barrel of oil dropped to historic low.

The City's share of the countywide use tax pool increased 22.5% when compared to the same period in the prior year.

Net of aberrations, taxable sales for all of Los Angeles County declined 5.3% over the comparable time period; the Southern California region was down 4.1%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ACH Supply	L & L Building Materials
Applied Industrial Tech	McDonalds
Arco	Miller Brewing Company
Arco AM PM	Miller Coors-Irwindale Brewery
Bartley Optical Sales	Patton Sales
Chem Arrow	RE Michel Company
Crowley Company	Rivergrade Shell Station
Davis Wire	Semihandmade
Decore Active Specialties	Sigler
Food Makers Bakery Equipment	Spragues Rock & Sand
G & I Islas Industries	Vulcan Materials
Hanson Aggregates West	Western Emulsions
Holliday Rock	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2018-19	2019-20
Point-of-Sale	\$2,615,805	\$2,288,256
County Pool	374,254	445,733
State Pool	1,359	1,274
Gross Receipts	\$2,991,418	\$2,735,263

Statewide Results

With stay at home/non-essential business restrictions in place during the last two weeks of the quarter, local one cent tax revenues for the state overall, were 18.8% lower than January to March of 2019. Taxpayer relief programs accounted for much of the decline with receipts down roughly 3.1% after factoring for payment deferrals and other accounting anomalies.

Severe drops in auto sales, general consumer goods, service stations and restaurants were largely offset by new revenue from implementation of the Wayfair v. South Dakota decision that now requires out-of-state retailers to collect and remit Californian's sales and use tax. Other offsets included a surge in online shopping that boosted receipts from the county use tax allocation pools and from online retailers who maintain and ship their inventory from within California.

The food/drug sector also showed strong gains as did many home supply, dollar and discount stores that remained open during the shutdown.

New Challenges & Opportunities

Current indicators suggest that overall tax receipts for the April thru June sales period will bottom out at 27% below the second quarter of 2019. The speed of the rebound in sales activity will be dependent on the availability of adequate testing, treatment therapies and ultimately a vaccine. Until then, physical distancing, COVID-19 protocols and supply chain disruptions will create limitations on some operating capacities and the return to work of all employees. Health fears, discounts and liquidation sales may also keep sales tax revenues below pre-pandemic levels until solutions are in place.

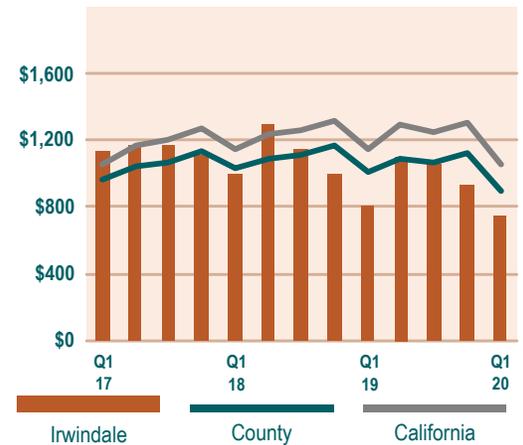
Regardless of when full recovery does occur, reports are that some elements of the economy will be permanently altered. Generation of future tax revenues may require rethinking of local economic strategies.

Over expansion, excessive debt and consumer shifts to online shopping were already resulting in bankruptcies with estimates of up to 25,000 brick-and-mortar store closings by the end of 2020. "Touch and feel" shopping is not going away but retailers see an evolution where in-store shopping is more leisure/recreational oriented with smaller stores offering more show-rooming and delivery/pick-up services. The smaller footprints and lifestyle emphasis offer opportunities to reinstate downtowns and neighborhood centers as economic/social gathering places.

The Pandemic's capture of new online customers and the growing trend of manufacturers and entrepreneurs with new concepts to bypass physical stores and sell directly to the consumer also expands options for agencies without large market populations to generate sales tax through industrial development.

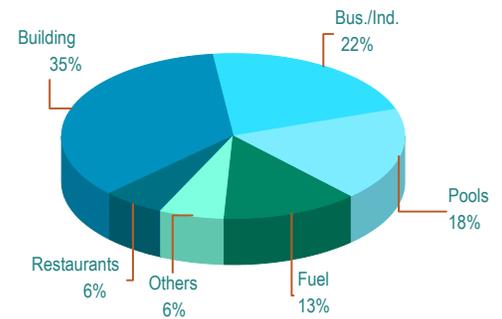
Finally, the Pandemic's disruption of supply chains has also accelerated growing dissatisfaction with overseas arrangements and some reshoring will occur which offers opportunities to leverage a city's existing business base to attract compatible support industries.

SALES PER ACCOUNT



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP
Irwindale This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

IRWINDALE TOP 15 BUSINESS TYPES**

Business Type	Irwindale		County	HdL State
	Q1 '20	Change	Change	Change
Building Materials	9,866	-34.0%	1.4%	3.0%
Contractors	243,014	-7.0%	-3.3%	3.2%
Drugs/Chemicals	16,994	0.4%	-4.3%	0.0%
Fast-Casual Restaurants	10,136	-5.0%	-10.5%	-9.9%
Food Service Equip./Supplies	28,679	52.0%	-6.1%	-5.8%
Heavy Industrial	44,579	-0.2%	-7.4%	-6.4%
Light Industrial/Printers	10,188	-33.7%	-8.6%	-5.0%
Medical/Biotech	— CONFIDENTIAL —	—	-16.4%	-1.8%
Office Equipment	7,588	-21.1%	1.0%	-6.4%
Office Supplies/Furniture	— CONFIDENTIAL —	—	-17.9%	-9.8%
Plumbing/Electrical Supplies	13,980	14.2%	1.1%	1.5%
Quick-Service Restaurants	29,661	-21.5%	-9.5%	-8.5%
Service Stations	96,686	-2.0%	-10.3%	-9.5%
Textiles/Furnishings	11,739	-22.5%	-13.7%	-9.4%
Used Automotive Dealers	9,873	-21.8%	-12.4%	-12.7%
Total All Accounts	618,651	-9.1%	-9.9%	-7.3%
County & State Pool Allocation	139,616	29.9%	25.5%	22.4%
Gross Receipts	758,267	-3.8%	-5.3%	-3.0%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.

Q2 2020



City of Irwindale Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2020)

Irwindale In Brief

Irwindale's receipts from April through June were 14.1% below the second sales period in 2019. Excluding reporting aberrations, actual sales were down 23.8%.

Decreased demand and excess supply caused fuel prices drop to the lowest point since 2005. The business-industry sector faced a host of challenges including layoffs to reduce the spread of COVID-19, new safety measures to protect on-site workers, and reduced demand because of the slowed economy.

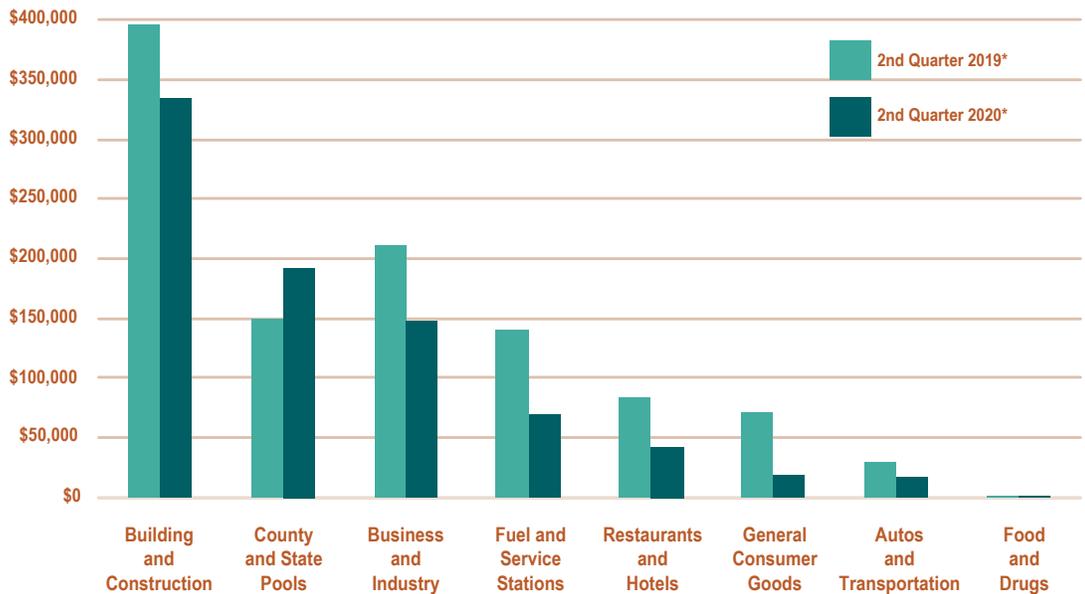
Revenue from building-construction stalled in the second quarter as contractors reported cancellations of upcoming projects and shortages of equipment or materials. General consumer goods experienced significant declines brought on by temporary store closures.

The restaurants-hotels sector struggled during the second quarter, with results improving as many began implementing partial reopening plans.

The City's share of the countywide use tax pool increased 31.4% over the same period in the prior year. Measure I, new district tax, generated \$358,972 this quarter.

Net of aberrations, taxable sales for all of Los Angeles County declined 22.7% over the comparable time period; the Southern California region was down 18.0%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ACH Supply	Lifetouch National School Studios
Alpha Printing	McDonalds
Applied Industrial Tech	Miller Coors-Irwindale Brewery
Arco	Pacific Panel Products
Arco AM PM	Patton Sales
Charter Furniture	RE Michel Company
Chem Arrow	Rivergrade Shell
Crowley Company	Sigler
Decore Active Specialties	Spragues Rock & Sand
Geary Pacific Supply	Sunburst Decorative Rock
Hanson Aggregates West	Vulcan Materials
Holliday Rock	Western Emulsions
L & L Building Materials	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2018-19	2019-20
Point-of-Sale	\$3,549,159	\$3,020,448
County Pool	527,682	647,314
State Pool	1,767	1,571
Gross Receipts	\$4,078,608	\$3,669,333
Measure I	\$0	\$358,972

Statewide Results

Local sales and use tax receipts from April through June sales were 16.3% lower than the same quarter of 2019 after factoring for accounting anomalies and back payments from previous quarters.

This was the largest quarter to quarter decline since 2009. The drops were deepest in the San Francisco Bay Area, Central Coast and Southern California where declines in revenues from fuel, automobiles, general consumer goods and restaurants/hotels were the most severe.

However, despite a 14.9% unemployment rate that eclipsed the previous high of 12.3% during the great recession of 2010 and temporary business closures, the drop in sales was less than previously projected by most analysts including HdL.

The high second quarter unemployment rates primarily affected lower wage service sectors which generate a smaller share of sales tax revenues. Internet connected knowledge workers continued to work but locked at home, found that they had extra cash to spend because of reduced commute and work-related expenses and few entertainment or travel options. Additionally, though much of the quarter's government relief payments were spent largely on rents, utilities and necessities, the money was not distributed proportionally to income losses thereby adding temporary discretionary income gains for some recipients.

Low interest rates and longer term lending practices allowed the extra money to be spent on previously delayed purchases such as autos and home improvements. New car registrations dropped 48.9% in the second quarter, but sales tax receipts dropped only 15.8% as buyers who did purchase, opted for more expensive SUV's, trucks and luxury vehicles. As cabin fever set in, sales of RV's, boats and Motorcycles also began to rise.

With restaurants and many brick and mortar stores closed or restricted to limited occupancy, buyers shifted to online shopping with tax revenues from in-state fulfillment centers rising 142.7% over the

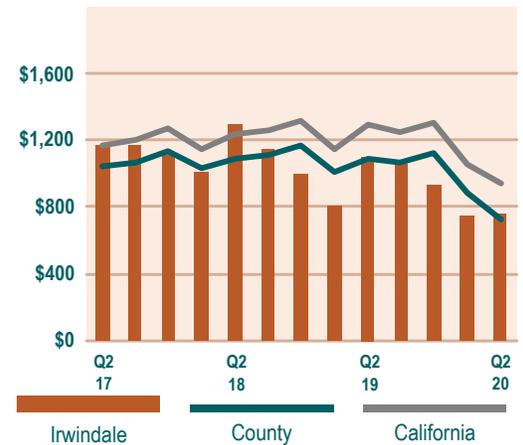
second quarter of 2019 and county pools where tax receipts from out-of-state goods are allocated, rising 28.9%. Online sales accounted for 52.0% of this quarter's tax revenues from the general consumer goods group.

Working at home eventually morphed into working on home thereby boosting related improvement purchases. Grocers, cannabis, liquor and sporting goods further helped offset losses in other segments.

Strong demand for warehouse and shipping technology, equipment and supplies to accommodate the increase in online shopping as well as home offices and virtual classrooms helped offset declines in the business/industrial group. Unanticipated gains in agriculture related purchases and transit spending further added to the offset.

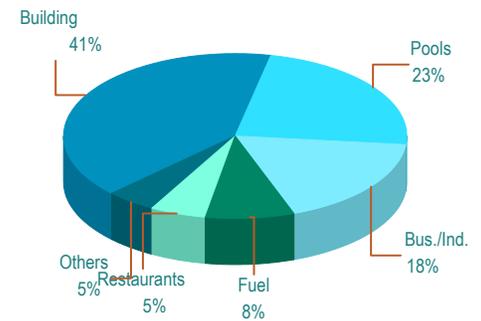
Pandemic uncertainties, fires, childcare issues and bankruptcies are expected to result in uneven gains through 2020-21 with each jurisdiction's experience differing according to the scope and character of their individual tax bases. Overall recovery and improvement in statewide receipts is not expected to begin until 2021-22.

SALES PER ACCOUNT



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP
Irwindale This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

IRWINDALE TOP 15 BUSINESS TYPES**

Business Type	Irwindale		County	HdL State
	Q2 '20	Change	Change	Change
Building Materials	8,693	-54.8%	2.3%	7.0%
Contractors	304,289	-13.2%	-11.2%	-12.1%
Drugs/Chemicals	12,399	-28.5%	-3.0%	-6.8%
Fast-Casual Restaurants	8,403	-24.9%	-34.7%	-30.2%
Food Service Equip./Supplies	15,050	-63.8%	-30.1%	-27.0%
Garden/Agricultural Supplies	17,400	-10.6%	-4.7%	3.5%
Heavy Industrial	36,151	-18.3%	-11.7%	-10.3%
Light Industrial/Printers	14,484	-28.1%	-21.2%	-16.8%
Medical/Biotech	9,424	-29.2%	-19.9%	-15.2%
Office Supplies/Furniture	— CONFIDENTIAL —	—	-35.6%	-28.6%
Plumbing/Electrical Supplies	21,213	-14.5%	-15.7%	-15.8%
Portrait Studios	— CONFIDENTIAL —	—	-64.7%	-62.4%
Quick-Service Restaurants	31,318	-25.4%	-26.2%	-22.0%
Service Stations	69,378	-50.1%	-50.1%	-45.2%
Textiles/Furnishings	18,404	-9.7%	-20.4%	-23.9%
Total All Accounts	632,477	-32.1%	-31.2%	-24.0%
County & State Pool Allocation	191,587	28.3%	31.2%	28.9%
Gross Receipts	824,064	-23.8%	-22.7%	-16.3%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.

CITY OF IRWINDALE

SALES TAX UPDATE

3Q 2020 (JULY - SEPTEMBER)



IRWINDALE

TOTAL: \$ 953,102

-6.9%

3Q2020



-6.0%

COUNTY



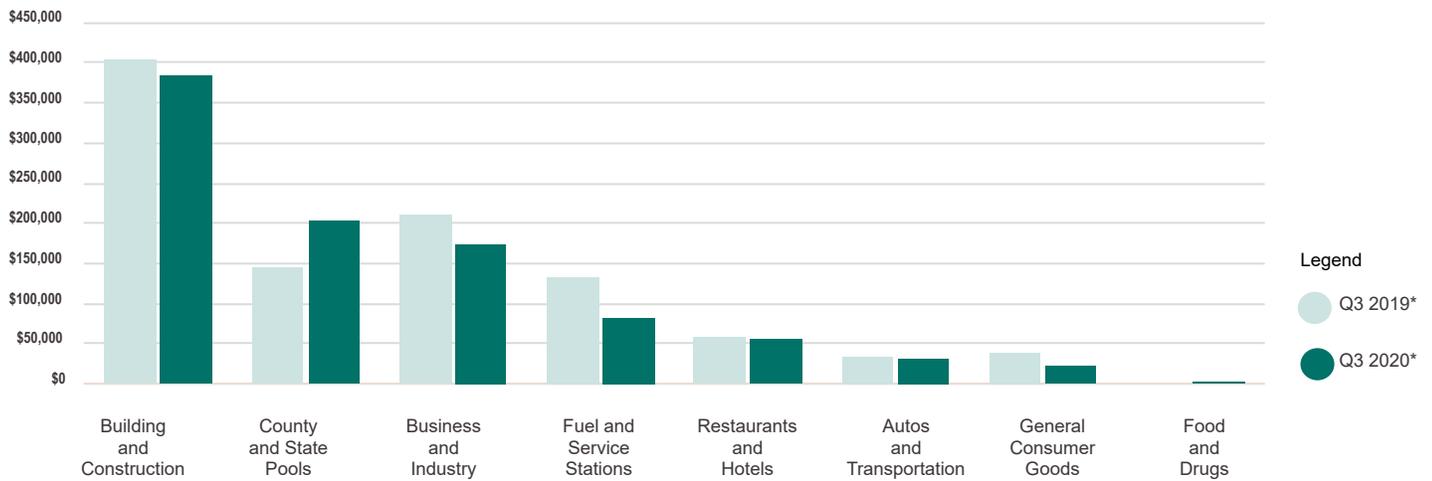
-0.9%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure I

TOTAL: \$578,846



CITY OF IRWINDALE HIGHLIGHTS

Receipts from Irwindale's July through September sales were 8.4% lower than the same quarter last year. Actual sales activity decreased 6.9% after accounting aberrations were factored out.

Business-industry group results declined mainly due to a current quarter misallocation error to statewide pools. A HdL audit petition has been filed with the CDTFA for eventual recapture of the missing revenue.

Lower fuel usage/consumption and price at the pump, contributed to a 39.5% decrease from service stations. Net lower contractor sales dropped

building-construction returns. Restaurants were down 3.7% but out performed both the county -36.9% and the state -32.7%.

The losses were partially offset by continued robust results from the countywide use tax pool due to full implementation of AB 147 (Wayfair/Marketplace Facilitator Act).

Measure I brought in an additional \$578,846 this quarter.

Net of aberrations, taxable sales for the Southern California regions declined 1.5% over the comparable time period.



TOP 25 PRODUCERS

ACH Supply
Applied Industrial Tech
Arco
Arco AM PM
Bartley Optical Sales
Charter Furniture
Chem Arrow
Crowley Company
Decore Ative Specialties
Food Makers Bakery Equipment
Geary Pacific Supply
Hanson Aggregates West
Holliday Rock
L & L Building Materials

Lifetouch National
School Studios
McDonald's
Miller Coors-Irwindale Brewery
Patton Sales
RE Michel Company
Rivergrade Shell Station
Semihandmade
Sigler
Spragues Rock & Sand
Vulcan Materials
Western Emulsions



STATEWIDE RESULTS

The local one-cent sales and use tax from sales occurring July through September was 0.9% lower than the same quarter one year ago after factoring for accounting anomalies. The losses were primarily concentrated in coastal regions and communities popular with tourists while much of inland California including the San Joaquin Valley, Sacramento region and Inland Empire exhibited gains.

Generally, declining receipts from fuel sales, brick and mortar retail and restaurants were the primary factors leading to this quarter's overall decrease. The losses were largely offset by a continuing acceleration in online shopping that produced huge gains in the county use tax pools where tax revenues from purchases shipped from out-of-state are allocated and in revenues allocated to jurisdictions with in-state fulfillment centers and order desks.

Additional gains came from a generally solid quarter for autos, RV's, food-drugs, sporting goods, discount warehouses, building material suppliers and home improvement purchases. Some categories of agricultural and medical supplies/equipment also did well.

Although the slight decline in comparable third quarter receipts reflected a significant recovery from the immediate previous period's deep decline, new coronavirus surges and reinstated restrictions from 2020's Thanksgiving and Christmas gatherings compounded by smaller federal stimulus programs suggest more significant drops in forthcoming revenues from December through March sales.

Additionally, the past few quarter's gains in county pool receipts that were generated by the shift to online shopping plus last

year's implementation of the Wayfair v. South Dakota Supreme Court decision will level out after the first quarter of 2021.

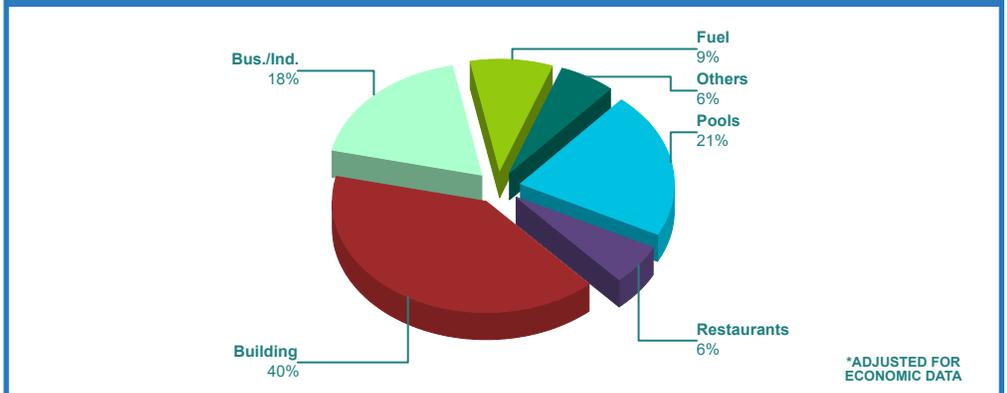
Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until mass vaccines have been completed, probably by the fall of 2021.

Significant recovery is not anticipated until 2021-22 with full recovery dependent on the specific character and make up

of each jurisdiction's tax base. Part of the recovery will be a shift back to non-taxable services and activities. Limited to access because of pandemic restrictions, consumers spent 72% less on services during the third quarter and used the savings to buy taxable goods.

Full recovery may also look different than before the pandemic. Recent surveys find that 3 out of 4 consumers have discovered new online alternatives and half expect to continue these habits which suggests that the part of the recent shift of revenues allocated through countywide use tax pools and industrial distribution centers rather than stores will become permanent.

REVENUE BY BUSINESS GROUP
Irwindale This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Irwindale Business Type	Q3 '20	Change	County Change	HdL State Change
Contractors	349,893	-5.4% ↓	-5.3% ↓	-5.7% ↓
Service Stations	81,829	-38.6% ↓	-34.8% ↓	-29.0% ↓
Heavy Industrial	41,627	-24.3% ↓	-12.5% ↓	-9.4% ↓
Quick-Service Restaurants	39,132	-2.4% ↓	-13.7% ↓	-10.3% ↓
Food Service Equip./Supplies	34,334	-4.1% ↓	-17.7% ↓	-16.7% ↓
Plumbing/Electrical Supplies	23,052	-11.1% ↓	10.5% ↑	-0.4% ↓
Textiles/Furnishings	21,853	14.1% ↑	1.8% ↑	-10.2% ↓
Used Automotive Dealers	18,447	3.2% ↑	22.3% ↑	11.8% ↑
Medical/Biotech	14,268	-0.3% ↓	19.6% ↑	4.6% ↑
Light Industrial/Printers	12,402	-20.0% ↓	-7.7% ↓	-5.8% ↓

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

CITY OF IRWINDALE

SALES TAX UPDATE

4Q 2020 (OCTOBER - DECEMBER)



IRWINDALE

TOTAL: \$ 1,534,331

57.0%
4Q2020



-7.7%
COUNTY

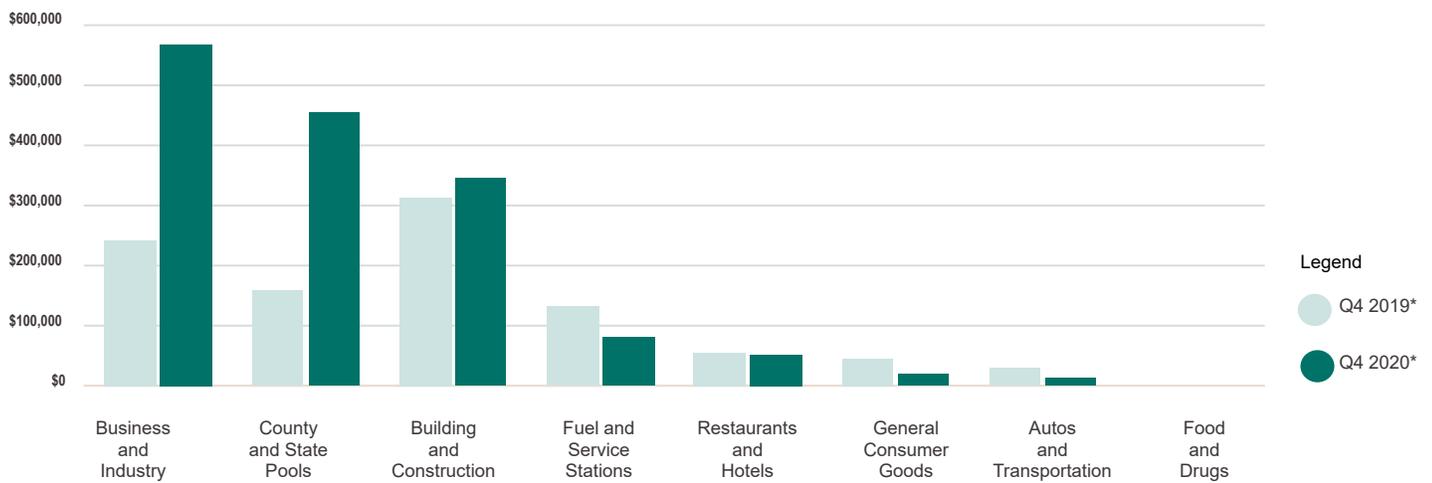


-2.0%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure I

TOTAL: \$804,347



CITY OF IRWINDALE HIGHLIGHTS

Irwindale's receipts from October through December were 94.4% above the fourth sales period in 2019. Excluding aberrations, actual sales were up 57.0%.

A large onetime use tax allocation in business and industry was solely responsible for the gain in actual sales. Several large corrections of previously misallocated payments spanning multiple quarters in the industrial sector caused the additional surge in cash receipts.

The overall surge in point of sale receipts and a 28% gain in the countywide use tax pool caused a 181% increase in the City's allocation from the pool. The

City's Measure I 0.75% transaction tax also received a substantial onetime use tax allocation.

Elsewhere, Covid-19 economic impacts continue to hamper other sectors. Lower retail gas prices and reduced demand for fuel pushed service station sales down 39%. Restaurants sales declined 6.4% due to restrictions placed on the industry. General consumer goods dropped 56%, while the automotive sector was down 52%.

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

- ACH Supply
- Arco
- Arco AM PM
- Bartley Optical Sales
- Charter Furniture
- Chem Arrow
- Crowley Company
- Decore Ative Specialties
- Food Makers Bakery Equipment
- Geary Pacific Supply
- Hanson Aggregates West
- Holliday Rock
- Johnstone Supply
- McDonalds
- Miller Coors-Irwindale Brewery
- Patton Sales
- Rivergrade Shell Station
- Semihandmade
- Sigler
- Spragues Rock & Sand
- United Rock Products
- Unitek
- Vulcan Materials
- Western Emulsions
- Zotac USA



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

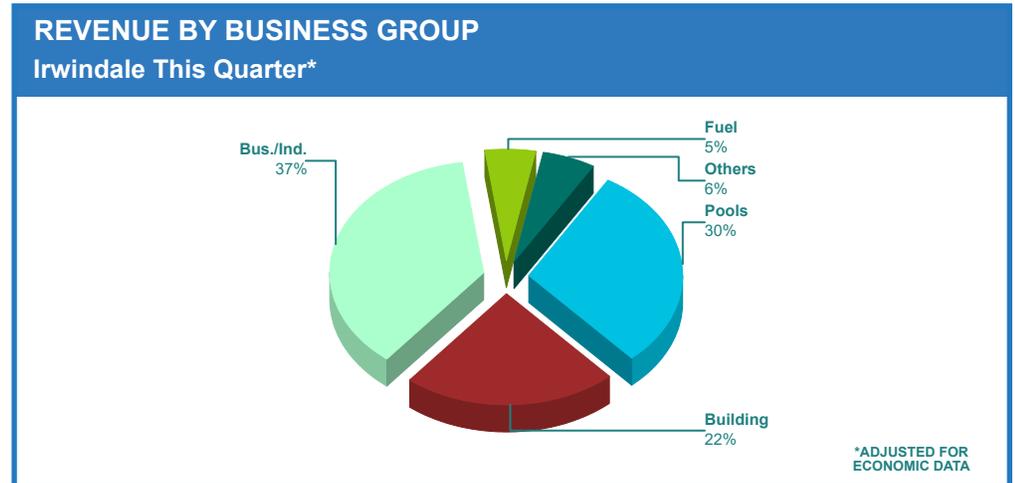
presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

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.



TOP NON-CONFIDENTIAL BUSINESS TYPES

Irwindale Business Type	Q4 '20*	Change	County Change	HdL State Change
Contractors	319.2	9.6% ↑	-3.9% ↓	2.3% ↑
Service Stations	79.2	-40.0% ↓	-38.2% ↓	-31.2% ↓
Drugs/Chemicals	48.2	-5.1% ↓	6.6% ↑	-1.2% ↓
Quick-Service Restaurants	37.5	-2.8% ↓	-12.2% ↓	-8.7% ↓
Textiles/Furnishings	37.4	18.5% ↑	-3.0% ↓	-7.8% ↓
Heavy Industrial	35.2	-7.8% ↓	-12.7% ↓	-10.3% ↓
Light Industrial/Printers	21.4	47.2% ↑	-8.3% ↓	-5.0% ↓
Plumbing/Electrical Supplies	16.2	16.9% ↑	-3.6% ↓	2.0% ↑
Medical/Biotech	15.1	11.6% ↑	4.5% ↑	16.2% ↑
Garden/Agricultural Supplies	10.7	-33.7% ↓	18.7% ↑	14.0% ↑

*Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars