

CITY OF IRWINDALE

SALES TAX UPDATE

1Q 2024 (JANUARY - MARCH)



IRWINDALE

TOTAL: \$ 1,118,559

8.6%
1Q2024



-0.8%
COUNTY

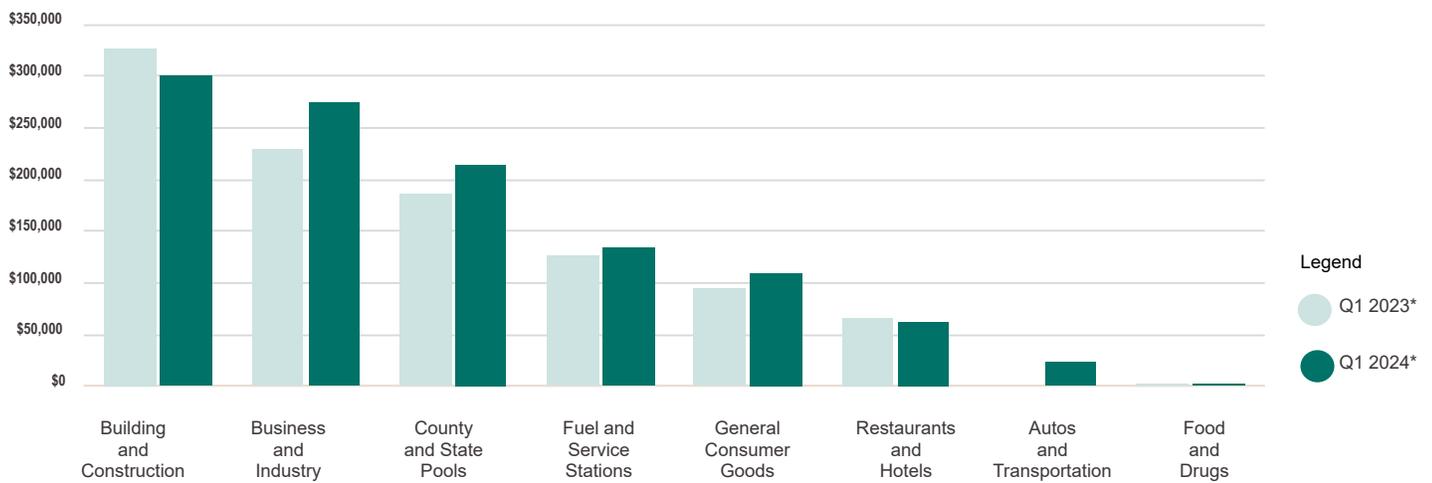


-0.2%
STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure I

TOTAL: \$715,469

-1.1%



CITY OF IRWINDALE HIGHLIGHTS

Irwindale's receipts from January through March were 14.1% above the first sales period in 2023. Excluding reporting aberrations, actual sales were up 8.6%.

Higher interest rates for mortgages, financed purchases and credit cards, are causing consumers to limit discretionary purchases and focus on essential needs. Spiking insurance and utility expenses are also contributing to slowing household spending and a soft outlook for Fiscal Year 2023-2024. Our forecast projects modest improvement.

The City experienced the largest boost from its second biggest sector, business-industry, including heavy industrial/printers. Returns from used automotive

dealers, specialty stores, service stations, and the state and county pools were also up.

Receipts from medical/biotech, contractors, plumbing/electrical, quick service, casual, and fast casual restaurants declined and combined to offset the overall strong quarterly gain.

Transaction and Use Tax Measure I generated 64.1% of the Bradley Burns amount, led by the strongest percentage growth from autos-transportation.

Net of aberrations, taxable sales for all of Los Angeles County declined 0.8% over the comparable time period; the Southern California region was flat.



TOP 25 PRODUCERS

3M Oral Care

Arco

Assa Abloy Residential Group

Chem Arrow

Crowley Company

Decore Ative Specialties

Food Makers Bakery Equipment

G & I Islas Industries

Good Smile Connect

Holliday Rock

Home Depot U S A

Johnstone Supply

McDonald's

Miura

Patton Sales

Rivergrade Shell Station

Scholastic Book Fairs

Semihandmade

Shell Spot-Not Auto Wash & Gas

Sigler Wholesale Distributors

Spragues Rock & Sand

Sully Miller

Vulcan Materials

Walters Wholesale Electric

Western Emulsions



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of January through March were 0.2% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year first quarter is traditionally the lowest sales tax generating period; however, returns were more on par with the comparison period.

One of the only sectors continuing to display declines was auto-transportation. High interest rates created more expensive long-term financing costs. Combined with a dramatic cost of insurance coverage rate spike, this group declined 7.5%.

Fuel and service stations was the other sector with a drop over last year. As California drivers embark on summer travel, they’ll do so with slightly elevated gas prices versus 2023, probably yielding the final period of negative results for the category heading into 2025.

During this post-holiday shopping period, general consumer goods experienced a soft rebound with very modest 0.5% growth. Although retailers selling gas were hurt by fuel prices, it did not stop family apparel and department stores from lifting revenues.

Restaurant activity contributed constant growth of 2.1%. Only fine dining establishments remain hindered as more affordable menus are preferred. Also, it appears some eateries made operational changes while implementing AB 1228; however, there isn’t enough data

yet to understand if this new bill impacted revenue.

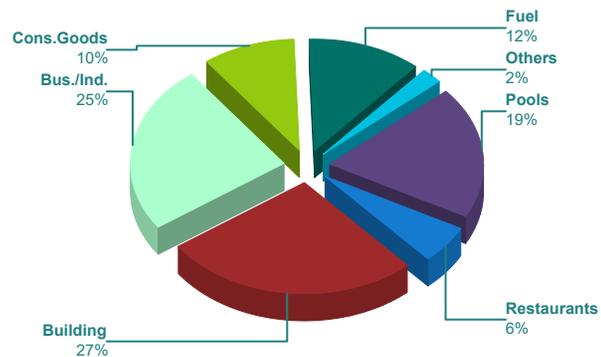
Seemingly dramatic one-time events helped boost business-industry, as investments in office supplies-furniture and energy projects were a significant reason for 3.6% gains this quarter. Additionally, strong fulfillment center direct payments demonstrated sustained logistical expansion. When coupled with improved returns via the countywide use tax pools, customers demonstrated e-commerce preferences for obtaining various goods. Overall

pool allocations improved 1.6%.

Statewide, 2024 begins in a more positive fashion compared to the recent trends of 2023. Buoyed 1st quarter results may signify ‘the floor’ helping ease tax revenue concerns while awaiting the next growth cycle. The Federal Reserve and their position with the Fed Funds Rate remains the most probable component between economic stagnation or spring-boarding consumer spending. Tourism and local travel in the coming summer period could further inspire confidence.

REVENUE BY BUSINESS GROUP

Irwindale This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Irwindale Business Type	Q1 '24	Change	County Change	HdL State Change
Contractors	266,550	-6.1% ↓	6.7% ↑	4.5% ↑
Service Stations	132,663	5.1% ↑	-0.4% ↓	-0.9% ↓
Medical/Biotech	49,454	-7.8% ↓	2.7% ↑	2.7% ↑
Heavy Industrial	45,599	-11.3% ↓	-8.3% ↓	-4.5% ↓
Quick-Service Restaurants	42,631	-2.8% ↓	1.7% ↑	2.6% ↑
Light Industrial/Printers	23,283	-10.9% ↓	-2.2% ↓	-1.5% ↓
Plumbing/Electrical Supplies	22,256	-22.4% ↓	-1.3% ↓	-4.3% ↓
Specialty Stores	20,422	319.1% ↑	-0.4% ↓	-2.3% ↓
Drugs/Chemicals	19,127	-6.4% ↓	13.5% ↑	4.2% ↑
Food Service Equip./Supplies	18,239	-15.8% ↓	-1.0% ↓	2.6% ↑

*Allocation aberrations have been adjusted to reflect sales activity

CITY OF IRWINDALE

SALES TAX UPDATE

2Q 2024 (APRIL - JUNE)



IRWINDALE

TOTAL: \$ 1,499,501

-0.5%

2Q2024



-0.5%

COUNTY



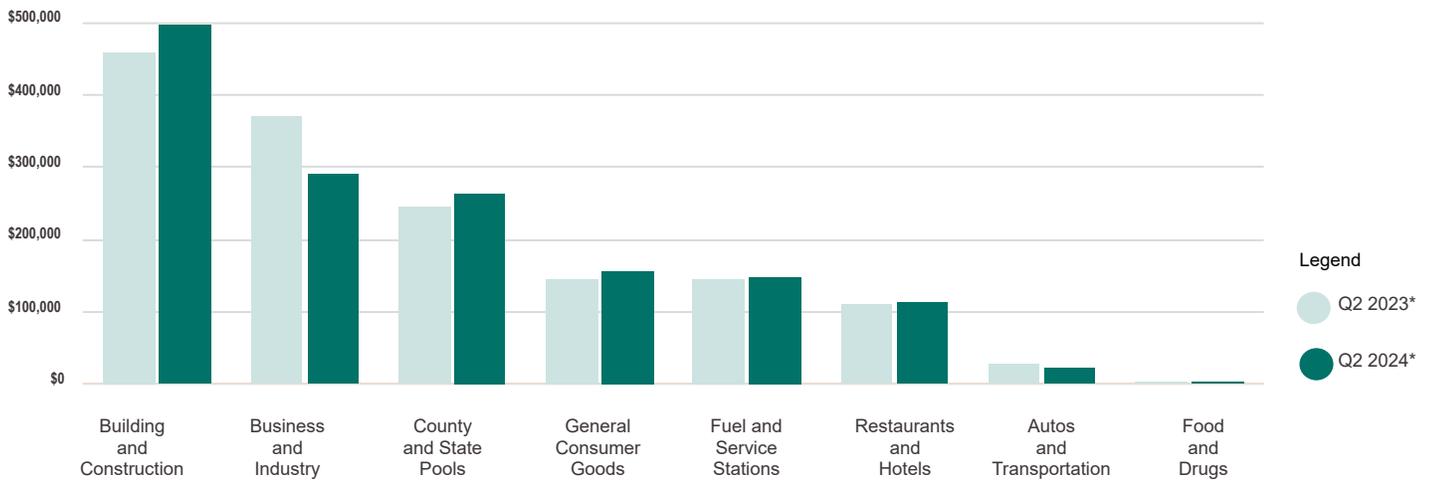
-0.7%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure I

TOTAL: \$950,972

↑ 11.3%



CITY OF IRWINDALE HIGHLIGHTS

Irwindale's receipts from April through June were 0.3% above the second sales period in 2023. Excluding reporting aberrations, actual sales were down 0.5%.

Inflation has begun to moderate, and with a proposed Fed rate cut of 0.5%, the hope is to begin growing the economy without a looming threat of new inflation.

The largest growth came from building-construction which increased significantly due to a one-time tax allocation in the contractor sector. General consumer goods benefited from new store openings and consumers who were looking for value purchases.

Declines in many of the sub-sectors of

business-industry pulled the entire sector down 22.1%. The autos-transportation sector continues to be hampered by higher pricing and financing costs.

Fuel-services stations and restaurants experienced minor increases as consumers continue to be guarded in the current economy.

Transaction and Use Tax Measure I generated 63.6% of the Bradley Burns amount, led by the strongest percentage growth from autos-transportation.

Net of aberrations, taxable sales for all of Los Angeles County declined 0.5% over the comparable time period; the Southern California region was down 0.5%.



TOP 25 PRODUCERS

3M Oral Care

ACH Supply

Arco

Arco AM PM

Charter Furniture

Chem Arrow

Crowley Company

Decore Ative Specialties

Food Makers Bakery Equipment

Geary Pacific Supply

Gem Buildings

Holiday Rock

Home Depot U S A

Johnstone Supply

McDonald's

Patton Sales

Renaissance Pleasure Faire

Rivergrade Shell Station

Scholastic Book Fairs

Sigler Wholesale Distributors

Spragues Rock & Sand

Sully Miller Contracting

Vulcan Materials

Walters Wholesale Electric

Western Emulsions



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of April through June were 0.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year second quarter is traditionally the beginning of the summer spending season; however, returns were relatively flat when compared to a year ago. For many California agencies, this also marks the end of the 2023-24 fiscal year, where statewide sales tax revenues were down 1.3% from the 2022-23 fiscal year.

Consistent with recent trends, auto-transportation receipts fell 6.2% - the largest sector decline this quarter. Sustained high interest rates, tightened credit standards, and increased cost of insurance all converged to impact returns. While inventory-levels for many dealerships have rebounded, it’s only proving to create downward pressure on prices, further constraining receipts.

Summer weather usually marks fruitful periods for building-construction, however as property owners struggle to access equity for improvements, year-over-year receipts declined. The price of lumber and other materials are now more affordable, but new projects have been sidelined by developers until financing and mortgage costs drop further.

Similarly, as the price of consumer goods has cooled with moderate inflation rates, returns from multiple merchants have curtailed. Men’s and women’s apparel, home furnishings, electronic-appliance and specialty stores could not escape the change in shopper’s preferences for lower priced items from large brick-and-mortar retailers like discount department stores.

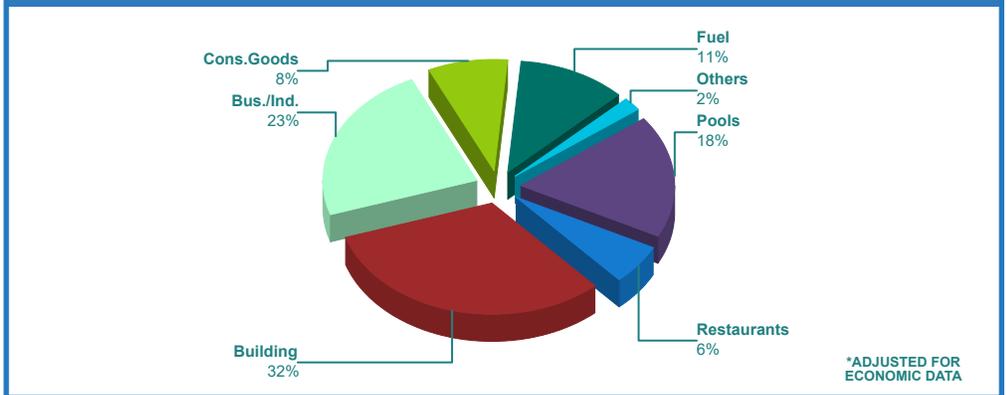
Restaurants experienced only a modest

gain of 0.7%. As AB 1228 is enacted – state law increasing California’s minimum wage at designated eateries – third party data reports that foot traffic to all such establishments decreased during this same time period. Not only are diners selecting less expensive places to eat, but many may have been pushed to limit their frequency to dine out.

Multiple of sectors experienced mild growth including allocations from the countywide use tax pool and the business-industrial group, both benefiting from online shopping, and fuel-service stations as drivers continue to hit the road even as gas prices remain elevated.

Halfway through the current calendar year, revenue trends remain slightly lower than a year ago overall. Although the Federal Reserve recently reduced the Fed Funds Rate helping temper the cost of financing, personal consumption forecasts remain insipid through the remainder of 2024. Consumers are more likely to wait for greater improvement of household economic conditions before extending themselves again, inspiring the next sales tax growth cycle.

REVENUE BY BUSINESS GROUP Irwindale This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Irwindale Business Type	Q2 '24*	Change	County Change	HdL State Change
Contractors	449.3	9.0% ↑	1.0% ↑	-0.2% ↓
Service Stations	148.7	2.2% ↑	1.8% ↑	2.3% ↑
Heavy Industrial	59.1	-15.1% ↓	-2.0% ↓	-0.9% ↓
Quick-Service Restaurants	48.7	-3.0% ↓	0.4% ↑	1.1% ↑
Plumbing/Electrical Supplies	34.7	12.2% ↑	-1.7% ↓	-4.0% ↓
Light Industrial/Printers	33.2	0.1% ↑	-3.5% ↓	-2.3% ↓
Specialty Stores	22.1	23.6% ↑	-3.3% ↓	-4.6% ↓
Drugs/Chemicals	19.3	-6.1% ↓	-13.7% ↓	-7.5% ↓
Textiles/Furnishings	18.0	3.8% ↑	-3.7% ↓	-4.2% ↓
Garden/Agricultural Supplies	16.6	11.1% ↑	-10.6% ↓	-6.8% ↓

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

CITY OF IRWINDALE

SALES TAX UPDATE

3Q 2024 (JULY - SEPTEMBER)



IRWINDALE

TOTAL: \$ 1,284,859

-6.7%

3Q2024



-2.7%

COUNTY



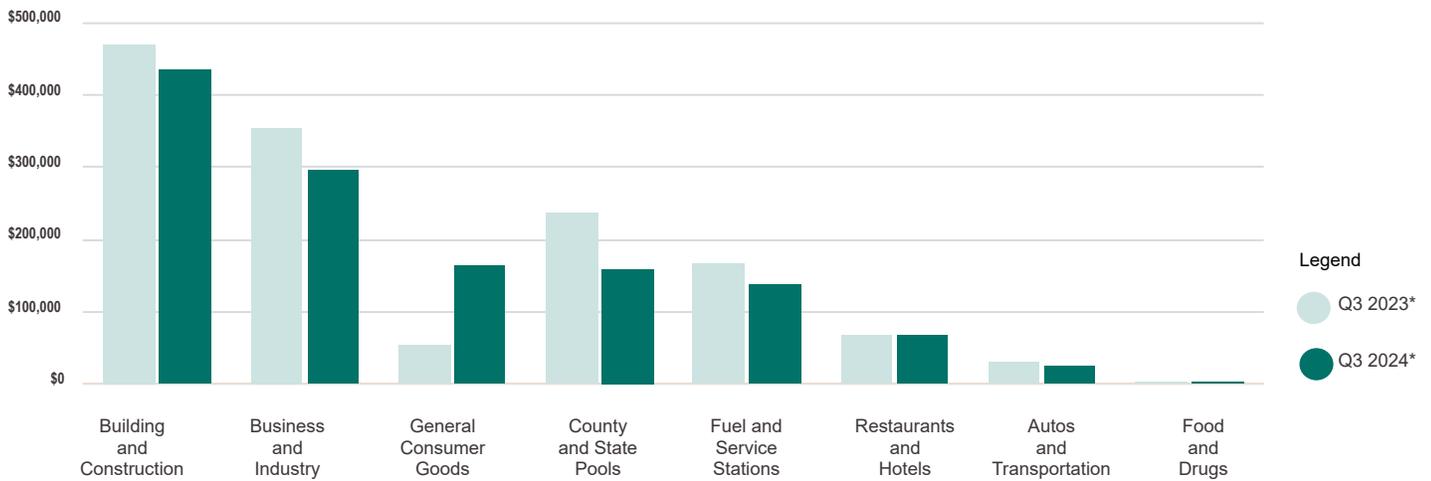
-2.3%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure I

TOTAL: \$916,045

↑ 1.1%



CITY OF IRWINDALE HIGHLIGHTS

Irwindale's receipts from July through September were 38.8% below the third sales period in 2023. Excluding reporting aberrations, actual sales were down 6.7%.

Consumers continue to be cautious in spending on non-essential products. The Fed's have now begun to slowly reduce the fed rate as inflation slows.

General consumer goods benefited favorably from new store openings and consumers who were looking for value purchases. Restaurants have been adversely impacted by the higher menu pricing but finished the quarter in a neutral position.

Business-industry had a mixed quarter

with sectors registering both significant growth and decreases. Building-construction felt the continuing negative impact on homeowners pulling back on improvement projects due to high material and contracting costs. Fuel-service stations were down 17.7%, which matches the statewide reduction as fuel and oil pricing dropped during the quarter.

Transaction and Use Tax, Measure I, generated 71.3% of the Bradley Burns amount, led by growth from business-industry.

Net of aberrations, taxable sales for all of Los Angeles County declined 2.7% over the comparable time period; the Southern California region was down 2.3%.



TOP 25 PRODUCERS

- | | |
|------------------------------|-------------------------------|
| 3M Oral Care | Johnstone Supply |
| ACH Supply | McDonald's |
| Arco | Patton Sales |
| Asa Abloy Residential Group | Rivergrade Shell Station |
| Chem Arrow | Scholastic Book Fairs |
| Crowley Company | Sigler Wholesale Distributors |
| Decore Ative Specialties | Spragues Rock & Sand |
| Food Makers Bakery Equipment | Sully Miller Contracting |
| G & I Islas Industries | Vulcan Materials |
| Geary Pacific Supply | Walters Wholesale Electric |
| Gem Buildings | XTool |
| Good Smile Connect | |
| Holiday Rock | |
| Home Depot U S A | |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of July through September were 2.3% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year third quarter traditionally is noted for pleasant weather and statewide tourism; however, taxes fell when compared to a year ago. As such, it also means a weak start of the 2024-25 fiscal year for many California agencies.

Once again, autos-transportation receipts took a hit and declined 4.8%. This period marks the seventh consecutive quarter of downturn for the sector. While used autos returns and leasing activity have improved, revenues from new car sales struggled due to sustained high interest rates, tightened credit standards, and increased cost of auto insurance. As such, inventories for many dealers remain elevated, applying downward pressure on prices and growth into 2025.

The summer season is usually an advantageous time for home repairs and construction work, however, this industry is also struggling with high consumer interest rates and limited access to equity for homeowners. New projects remain sidelined as developers await more favorable investment conditions.

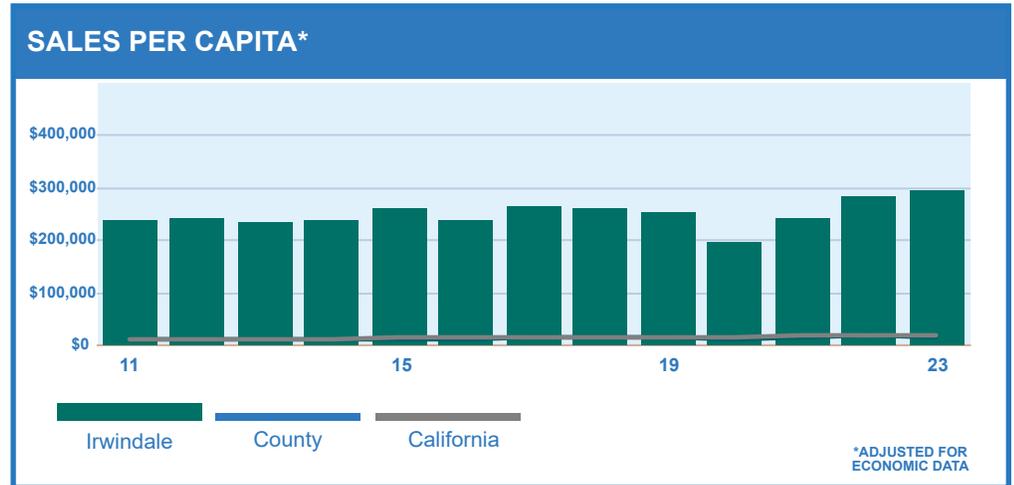
Brick-and-mortar general consumer retailers pulled back -3.8% - worsened by lower gas prices. Consumers appear more interested in lower priced/discounted items vs higher priced/luxury goods, forcing merchants to again consider inventory needs. Additionally, competition from online merchants is as fierce as ever, as shoppers look for greater value. With holiday shopping around the corner, local store expectations remain soft.

Fuel generating taxpayers had a rough quarter; a combination of consumption declines and falling fuel prices thrust comparisons down by 13%. Further contraction of national drug store locations coupled with the steady fall from cannabis merchants dating back to 2021, caused a decrease of -2.8% in the food-drugs category. Expect similar percentage declines for the upcoming end of 2024 quarter.

Although statewide tourism appears to have improved over 2023, revenue from restaurants experienced only a modest gain of 0.7%, which included a dramatic drop from fine dining establishments – consistent with spending trends in other sectors. State

mandated minimum wage requirements remained a challenge, with higher menu prices reducing patron visits.

These sluggish results solidify 2024 as a down year. Recent reductions to the Fed Funds Rate aren’t considered to help until later in 2025. Agencies should expect fiscal year 2024-25 sales taxes to stay flat or decline slightly as sluggish economic conditions leave consumers cautious in their spending patterns, especially for big ticket items and discretionary products.



TOP NON-CONFIDENTIAL BUSINESS TYPES

Irwindale Business Type	Q3 '24*	Change	County Change	HdL State Change
Contractors	383.9	-6.7% ↓	0.7% ↑	-1.8% ↓
Service Stations	135.5	-18.0% ↓	-13.2% ↓	-12.8% ↓
Heavy Industrial	66.3	12.2% ↑	12.8% ↑	-0.4% ↓
Specialty Stores	56.8	685.0% ↑	-0.4% ↓	-3.0% ↓
Quick-Service Restaurants	46.4	3.0% ↑	0.5% ↑	1.0% ↑
Light Industrial/Printers	41.2	12.1% ↑	-0.3% ↓	-0.5% ↓
Plumbing/Electrical Supplies	37.7	-5.4% ↓	0.2% ↑	-3.1% ↓
Drugs/Chemicals	18.6	-6.5% ↓	-9.0% ↓	-0.4% ↓
Food Service Equip./Supplies	15.0	-31.1% ↓	0.4% ↑	-3.5% ↓
Building Materials	13.7	-24.1% ↓	-3.2% ↓	-4.2% ↓

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

CITY OF IRWINDALE

SALES TAX UPDATE

4Q 2024 (OCTOBER - DECEMBER)



IRWINDALE

TOTAL: \$ 1,367,905

-2.6%

4Q2024



-2.8%

COUNTY



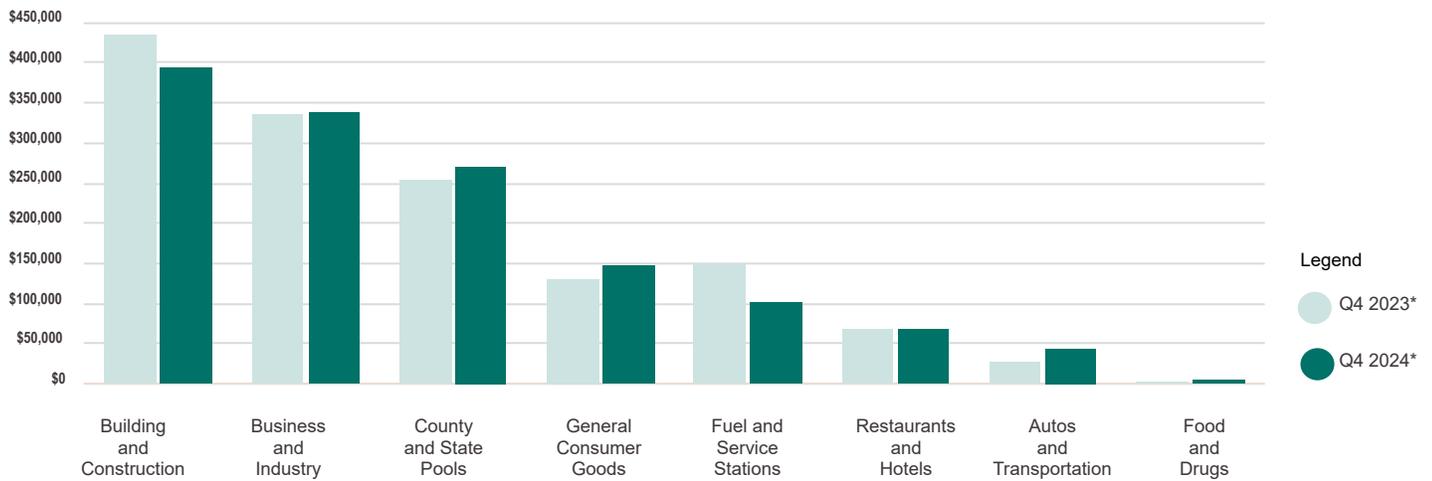
-1.1%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure I

TOTAL: \$932,883

↑ 5.8%



CITY OF IRWINDALE HIGHLIGHTS

Irwindale's receipts from October through December were 4.7% above the fourth sales period in 2023. Excluding reporting aberrations, actual sales were down 2.6%.

Factors causing volatility include concerns with inflation, global events and uncertainty about the timing and frequency of federal fund interest rate reductions. Our statewide forecast reflects limited growth in Fiscal Year 2025-2026.

The City experienced the largest decline from service stations. Returns from building materials, food service equipment/suppliers, light industrial/printers, and repair shop/equipment rentals were also down.

On the positive side, receipts from fast-casual, casual dining, and quick-service restaurants, specialty stores, auto repair shops, used automotive dealers, medical/biotech, business services, electrical equipment, food-drugs, and the state and county pools increased and combined to offset the overall net quarterly loss.

The City's Transaction and Use Tax Measure I generated 68.4% of the Bradley Burns amount, led by the strongest percentage ratio from the fuel-service stations sector.

Net of aberrations, taxable sales for all of Los Angeles County declined 2.8% over the comparable time period; the Southern California region was down 1.2%.



TOP 25 PRODUCERS

3M Oral Care
Arco
Astec Construction Equipment
Chem Arrow
Crowley Company
Decore Ative Specialties
Dump Truck Kings
Food Makers Bakery Equipment
G & I Islas Industries
Gea Mechanical Equipment
Good Smile Connect
Holliday Rock
Home Depot U S A
Johnstone Supply

L & L Building Materials
McDonald's
Patton Sales
R S Hughes Company
Scholastic Book Fairs
Sigler Wholesale Distributors
Spragues Rock & Sand
Sully Miller Contracting
Vulcan Materials
Walters Wholesale Electric
Western Emulsions



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of October through December were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating period of the year but exhibited diminished year-over-year returns as consumers struggled with tariff concerns and pulling back on discretionary spending.

For the past eight quarters - two calendar years - statewide results have declined; led mostly by autos-transportation and building-construction suppressed activity due to the sustained high interest rate environment. Specifically, this quarter, as new and used car returns pulled back, only leasing activity improved likely representing buyers willingness to wait for more advantageous economic conditions before committing to long term obligations. Furthermore, building-construction drops spanned multiple categories including building materials, plumbing/electrical and contractors as property owners delay repairs and improvements until they’re more comfortable tapping available equity.

During this holiday shopping period, brick-and-mortar general retailers slumped 2.4%, further hindered by lower gas prices. Recent closures by merchants selling variety/ low priced items and weaker returns from department stores were most impactful. As consumers appeared more interested in value/discounted items vs higher priced/ luxury goods, overall statewide receipts revealed growth from online retailers by way of local returns through fulfillment centers and allocations via each county’s use tax pool demonstrating a desire to spend, just more through different vendors which shifted local tax distributions.

Fuel and service stations experienced a drop of 14% largely due to the decreased price of global crude oil. While this dynamic hurt the sector results, it did allow for more disposable income to be spent in other areas and does not appear to be changing in the near term.

Revenue from restaurants sustained a modest gain of 1.3%, with only a waning from fine dining establishments – consistent with spending trends in other sectors. As eateries try and balance higher menu prices and demand, a ‘return to office’ call by businesses could inspire future increased foot traffic for many venues in metropolitan centers.

The fourth quarter also marks the end of the calendar year. As expected 2024 was 1.2% lower than 2023 with most sectors taking a hit. Only restaurants, business-industry and allocations via the county use tax pools improved.

With national tariff discussions happening at the federal level, consumers start 2025 wondering if higher priced goods and difficult decisions are on the horizon. Also, the Federal Reserve Board hasn’t signified any relief by way of lower interest rates leaving only minimal growth expectations to come. The theme of the current economic outlook is uncertainty.

SALES TAX RATE BREAKDOWN		10.75%
State General Fund	3.9375%	
City/County General Fund (Bradley-Burns)	1.0000%	
Irwindale Measure IR (Supplemental) (IRWI)	0.2500%	
Irwindale Measure I (IRDL)	0.7500%	
County Public Safety (Prop 172)	0.5000%	
County Realignment (Mental Health/Welfare/Public Safety)	1.5625%	
Countywide Transportation Fund	0.2500%	
Los Angeles County Housing Measure A (HOUS)	0.5000%	
Los Angeles County Measure R (LAMT)	0.5000%	
Los Angeles County Measure A (LACT)	0.5000%	
Los Angeles County Measure C (LATC)	0.5000%	
Los Angeles County Measure M (LAMA)	0.5000%	
Tax Rate Effective April 01, 2025	10.7500%	

TOP NON-CONFIDENTIAL BUSINESS TYPES					
Irwindale Business Type	Q4 '24*	Change	County Change	HdL State Change	
Contractors	356.0	-9.1% ↓	-6.2% ↓	-4.8% ↓	
Service Stations	101.8	-32.1% ↓	-15.5% ↓	-13.0% ↓	
Heavy Industrial	67.5	28.3% ↑	-8.2% ↓	-2.6% ↓	
Quick-Service Restaurants	44.4	-1.6% ↓	1.1% ↑	1.7% ↑	
Light Industrial/Printers	24.9	-19.4% ↓	-4.9% ↓	-1.8% ↓	
Plumbing/Electrical Supplies	23.3	-2.1% ↓	0.6% ↑	-1.0% ↓	
Specialty Stores	22.5	144.5% ↑	0.4% ↑	-1.8% ↓	
Drugs/Chemicals	19.7	0.5% ↑	-8.7% ↓	-2.0% ↓	
Food Service Equip./Supplies	19.5	-33.2% ↓	4.0% ↑	1.4% ↑	
Used Automotive Dealers	15.9	44.9% ↑	-10.4% ↓	-3.3% ↓	

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