

CITY OF IRWINDALE

SALES TAX UPDATE

1Q 2023 (JANUARY - MARCH)



IRWINDALE

TOTAL: \$ 1,026,423

-7.3%

1Q2023



-1.6%

COUNTY



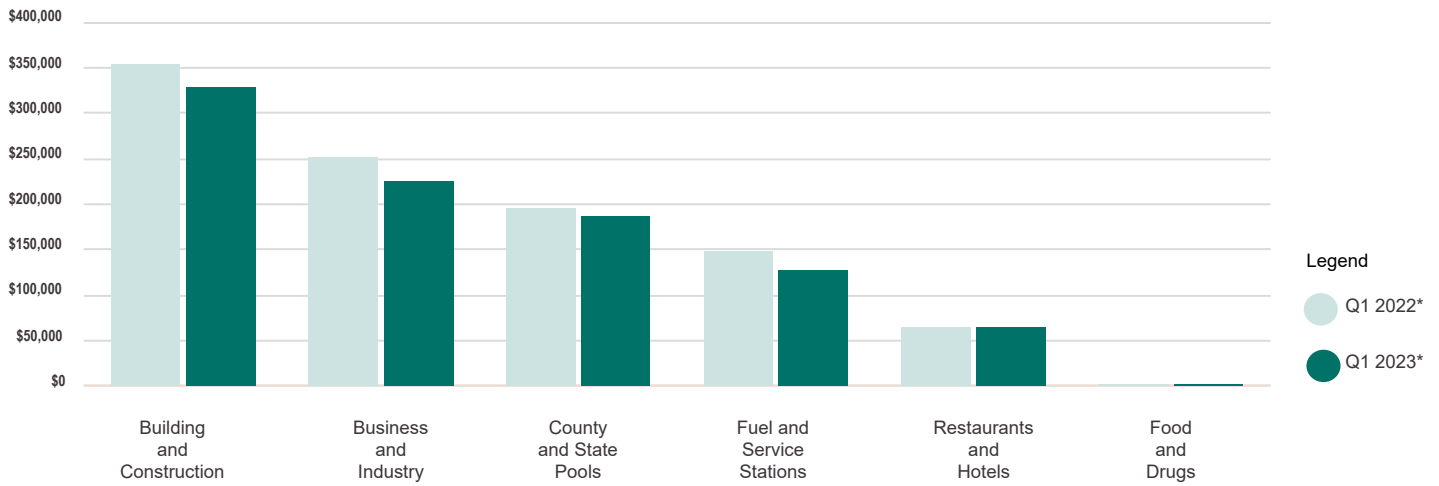
-1.1%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure I

TOTAL: \$738,662

↓ -8.4%



CITY OF IRWINDALE HIGHLIGHTS

Irwindale's receipts from January through March were 0.2% below the first sales period in 2022. Excluding reporting aberrations, actual sales were down 7.3%.

A lack of skilled labor and material shortages continue to be dominant concerns for the building-construction sector. Consumers enjoyed lower prices at the pump in 1Q23; however, revenue from fuel-service stations was negatively impacted.

The business-industry group reported a sluggish sales quarter. A negative accounting adjustment resulted in a temporary decline in receipts from auto-transportation.

General consumer goods posted positive increases when compared to the year-ago period, bucking the statewide trend. Restaurants-hotels along with food-drugs remained relatively flat.

The City's share of the countywide use tax pool decreased 3.4% when compared to the same period in the prior year. Measure I, the City's voter-approved transactions and use tax, brought in an additional \$737,991 in revenue.

Net of aberrations, taxable sales for all of Los Angeles County declined 1.6% over the comparable time period; the Southern California region was down 0.9%.



TOP 25 PRODUCERS

- ACH Supply
- Arco AM PM
- Assa Abloy Residential Group
- Bartley Optical Sales
- Chem Arrow
- Crowley Company
- Decore Ative Specialties
- Food Makers Bakery Equipment
- G & I Islas Industries
- Geary Pacific Supply
- Irwindale Windows
- Johnstone Supply
- Layer 1 Communications
- McDonald's
- Patton Sales
- Pny Technologies
- Rivergrade Shell Station
- Scholastic Book Fairs
- Semihandmade
- Sigler Wholesale Distributors
- Spragues Rock & Sand
- United Refrigeration
- United Rock Products
- Vulcan Materials
- Western Emulsions



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of January through March were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The first quarter of the calendar year experienced heavy rainfall and a slight pullback by consumers during this post-holiday period.

The building and construction sector was most impacted by wet weather conditions, especially contractors and paint/glass vendors. Furthermore, when coupled with year-over-year (YOY) lumber price declines, the sector saw a 9.7% statewide drop.

YOY declines in fuel prices at the pump reduced receipts from gas stations and petroleum providers. Even with OPEC’s recent production cuts, the global cost of crude oil has remained steady setting up for moderate gas prices for travelers and commuters in the coming summer months. Retailers also selling fuel experienced a similar impact and when combined with weak results from department stores, overall general consumer goods’ returns slightly declined.

After multiple years of high demand for vehicles (especially high-end luxury and electronic/hybrid brands), along with inflation driving car prices higher, customers demand has softened with revenue slumping 1.3%. The return of available inventory later this calendar year may sustain downward pressure on activity, potentially giving buyers more leverage to negotiate lower prices.

Use taxes remitted via the countywide pools decreased 1.1%, marking the second consecutive quarter of decline. Cooling consumer confidence, expansion

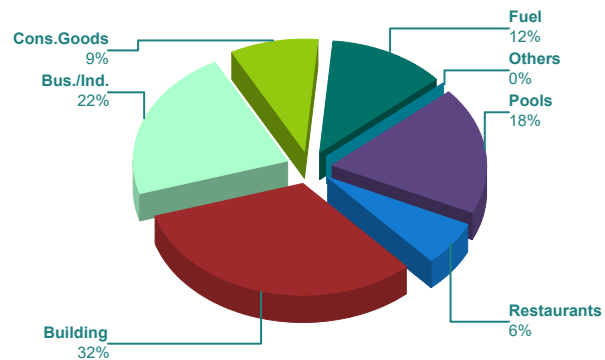
of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number of agencies benefited.

Spending at local restaurants and hotels continues to be robust. Patrons were unaffected by increased menu prices and wait times and maintained their willingness to dine out. In addition, investments in warehouse/farm/construction equipment was steady.

For the remainder of 2023 sales taxes may

decrease modestly, then begin a nominal recovery in early 2024. Volatile economic indicators such as the Federal Funds rate, unemployment levels, and discretionary spending will influence outcomes. While it appears the Federal Reserve’s actions to fight inflation is taking effect, any lasting downward pressure on consumer pricing could also hinder short term growth.

REVENUE BY BUSINESS GROUP Irwindale This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Irwindale Business Type	Q1 '23	Change	County Change	HdL State Change
Contractors	285,797	-8.4% ↓	-8.4% ↓	-12.7% ↓
Service Stations	126,465	-15.2% ↓	-10.0% ↓	-9.8% ↓
Heavy Industrial	53,009	-2.9% ↓	-2.3% ↓	-5.6% ↓
Quick-Service Restaurants	43,559	1.1% ↑	5.8% ↑	5.1% ↑
Plumbing/Electrical Supplies	28,669	9.2% ↑	3.1% ↑	-4.3% ↓
Light Industrial/Printers	25,812	9.0% ↑	-2.6% ↓	0.6% ↑
Drugs/Chemicals	22,675	-57.8% ↓	-2.6% ↓	-3.1% ↓
Food Service Equip./Supplies	21,652	-21.9% ↓	4.9% ↑	5.0% ↑
Textiles/Furnishings	14,725	-28.8% ↓	-5.5% ↓	-5.8% ↓
Building Materials	13,521	-17.4% ↓	-5.2% ↓	-9.8% ↓

*Allocation aberrations have been adjusted to reflect sales activity

CITY OF IRWINDALE

SALES TAX UPDATE

2Q 2023 (APRIL - JUNE)



IRWINDALE

TOTAL: \$ 1,448,684

0.8%
2Q2023



-4.2%
COUNTY

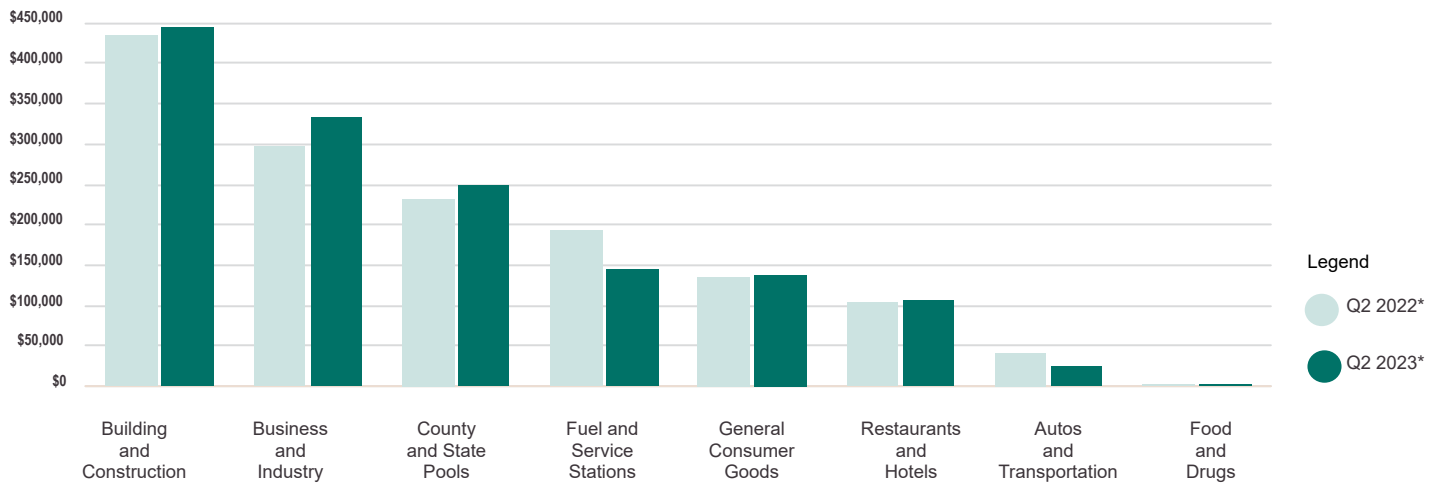


-3.0%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure I

TOTAL: \$858,026

-14.3%



CITY OF IRWINDALE HIGHLIGHTS

Irwindale's receipts from April through June were 6.2% above the second sales period in 2022. Excluding reporting aberrations, actual sales were up 0.8%.

The City experienced the largest increase in its top sector, building-construction, which included a boost from contractors. Also, business-industry, general consumer goods plus the state and county pools were also up.

The fuel and service stations group realized record prices for regular pump, diesel, jet fuel, and oil barrels one year ago; consequently, associated sales tax in this quarter dropped significantly

in comparison. Moreover, receipts from the autos-transportation group combined with the reduction from gas stations to offset the quarterly gain.

The City's Transaction and Use Tax, Measure I, generated 59.4% of the Bradley Burns amount, led by solid performance from autos-transportation.

Net of aberrations, taxable sales for all of Los Angeles County declined 4.2% over the comparable time period; the Southern California region was down 3.0%.



TOP 25 PRODUCERS

- ACH Supply
- Alpha Printing & Graphics Inc.
- Arco AM PM
- Assa Abloy Residential Group
- Chem Arrow
- Crowley Company
- Davis Wire
- Decore Ative Specialties
- Food Makers Bakery Equipment
- G & I Islas Industries
- Geary Pacific Supply
- Home Depot
- Irwindale Brew Yard
- Johnstone Supply
- McDonald's
- Patton Sales
- Renaissance Pleasure Faire
- Rivergrade Shell Station
- Scholastic Book Fairs
- Spragues Rock & Sand
- Sunburst Decorative Rock
- United Rock Products
- Vulcan Materials
- Walters Wholesale Electric
- Western Emulsions



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of April through June were 2.8% lower than the same quarter one year ago after adjusting for accounting anomalies. The second quarter of the calendar year was impacted by continued wet weather and a difficult comparison with the prior year, which experienced dramatic growth.

The fuel-service stations sector contributed the most to this decline as year-over-year (YOY) falling fuel prices at the pump reduced receipts from gas stations and petroleum providers. Russia’s invasion of Ukraine and other world events during this period last year, pushed the global cost of crude oil to record highs. This dynamic also carried into general consumer goods as retailers selling fuel experienced a similar drop. Recently, OPEC and Russia have maintained production cuts having upward pressure on pricing again leading to future comparative growth.

Sustained wet conditions further delayed projects, especially those from the prior quarter, hindering building-construction returns. YOY lumber price declines added to the pull back from building materials providers. Higher interest rates represent a significant headwind for the industry with potential impacts of limited commercial development activity, slowing public infrastructure projects and homeowners left unable to access equity for renovations.

Despite a significant increase in new car registrations, revenue from autos-transportation fell by 1.4%. The improved activity can largely be attributed to rental car agencies restocking their fleets. However, these are wholesale transactions with sales tax charged upon rental of these vehicles. Weak demand for recreational vehicles, boats and motorcycles coupled

with elevated overall financing costs remain challenges going forward.

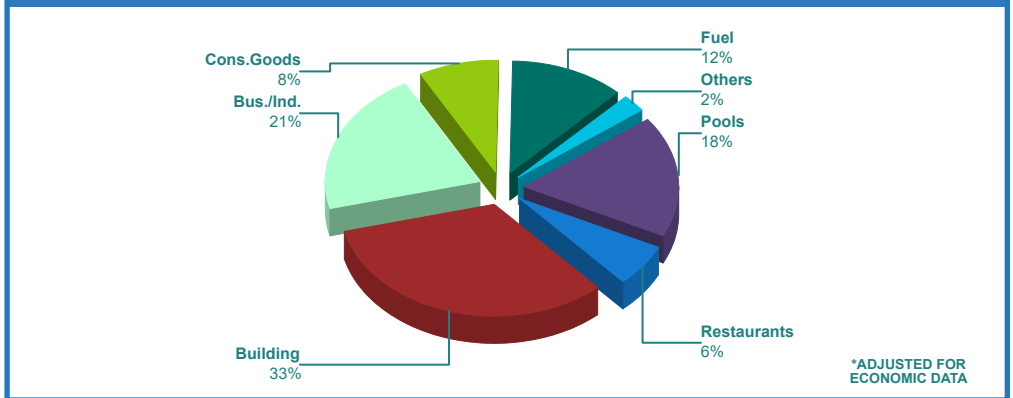
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets allocated directly to local agencies.

Restaurant sales were a bright spot as the summer season began. Although menu prices have flattened after a year of sharp gains, patrons are making more restaurant trips and are favoring spending their disposable income on experiences. Better sales by office

material suppliers and enhanced investments of warehouse-farm-construction equipment contributed to improved returns for the business-industry category.

Sales tax for the remainder of 2023 appears likely to follow the recent trend of moderate declines before leveling off in early 2024. Cooling consumer confidence and greater pressure on household budgets may lead to a lackluster upcoming holiday shopping period. Furthermore, the possibility of a longer and more pronounced slowdown in economic activity exists as the Federal Reserve considers additional interest rate increases to combat high prices that are already stretching consumer wallets.

REVENUE BY BUSINESS GROUP Irwindale This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Irwindale Business Type	Q2 '23*	Change	County Change	HdL State Change
Contractors	399.2	3.5% ↑	-3.1% ↓	-2.9% ↓
Service Stations	145.5	-24.2% ↓	-21.7% ↓	-19.9% ↓
Heavy Industrial	71.5	-24.5% ↓	-13.3% ↓	-5.9% ↓
Quick-Service Restaurants	53.7	4.3% ↑	2.7% ↑	3.2% ↑
Light Industrial/Printers	32.9	-0.1% ↓	-6.7% ↓	-5.7% ↓
Food Service Equip./Supplies	32.1	36.8% ↑	11.9% ↑	4.0% ↑
Plumbing/Electrical Supplies	30.9	-8.7% ↓	-4.5% ↓	-4.5% ↓
Drugs/Chemicals	22.8	-60.1% ↓	7.3% ↑	2.3% ↑
Casual Dining	16.4	18.3% ↑	5.7% ↑	4.5% ↑
Textiles/Furnishings	15.5	-34.8% ↓	-5.6% ↓	-6.4% ↓

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