

RANCHO SANTA MARGARITA

SALES TAX UPDATE

3Q 2022 (JULY - SEPTEMBER)



RANCHO SANTA MARGARITA

TOTAL: \$ 2,111,551

5.1%
3Q2022



8.4%
COUNTY

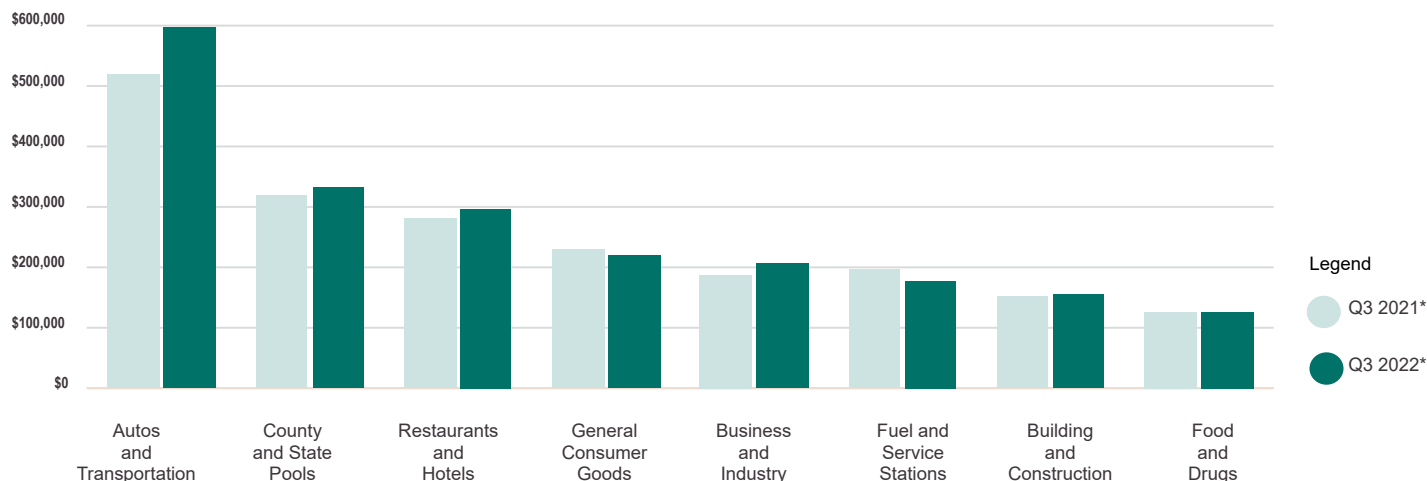


8.0%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



RANCHO SANTA MARGARITA HIGHLIGHTS

Rancho Santa Margarita's receipts from July through September were 5.9% above the third sales period in 2021. Excluding reporting aberrations, actual sales were up 5.1%.

As inflation improvements are evident in several industries, consumers remain concerned about the economy heading into a recession. Nevertheless, customer spending in this quarter remained strong. The largest boost came from the City's largest sector autos-transportation. With more vehicles on the lots combined with slowing demand, prices are starting to drop. Additionally, financing costs are escalating. This is causing a slowing down of the growth that has been so strong going back to the beginning of the pandemic. These combined factors are expected to result in a dip in revenue growth over the next fiscal year.

The restaurants and hotels sector once again performed better than one year ago mainly due to high menu prices making up for traffic that is beginning to slow. People continued to eat out in spite of the cost of admission going up. As a result, casual and fast casual dining, quick service restaurants, and leisure/entertainment experienced gains. Returns from medical/biotech, electrical equipment, contractors plus the state and county pools were also up.

Receipts from service stations and general consumer goods declined which combined to partially offset the overall quarterly gain.

Net of aberrations, taxable sales for all of Orange County grew 8.4% over the comparable time period; the Southern California region was up 8.1%.



TOP 25 PRODUCERS

7 Eleven
Applied Medical Distribution
Applied Medical Resources
Arco AM PM
BJ's Restaurant & Brewhouse
Carmelitas
Chevron
Circle K
Denault Commercial Supply
Hannas Restaurants & Bar
In N Out Burger
Kohls
Lowe's
McDonald's
Pavilions
Ralphs Fresh Fare

Rancho Santa Margarita
Honda
Ross
Santa Margarita Ford
Santa Margarita Toyota
Shell
Target
Tutto Fresco
Walmart Neighborhood Market
Wood Ranch BBQ & Grill



STATEWIDE RESULTS

Local one cent sales and use tax for sales occurring July through September was 8% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark another strong period of growth for the California spending economy.

Even as the Federal Reserve Board continued ramping up interest rates in an effort to curb the larger concern of inflation, consumers maintained purchases on multiple fronts, especially automobiles. Surprisingly, new car dealers experienced 10% gains over the comparable period in 2021. Limited inventory and demand for higher mileage vehicles including electric and hybrid models helped support growth. In addition, the increased cost of used vehicles has pushed many into the new vehicle market; in contrast, sales of recreation vehicles and auto leasing activity remained soft.

For Californians, the summer of 2022 had the highest gas prices on record; subsequently fuel and service stations receipts jumped 21%. Commuters and summer travel remained steady, yet overall consumption still trails pre-pandemic levels by approximately 13%. Although the Russia-Ukraine conflict initially caused a dramatic shift in global crude oil markets, prices have begun to pull back closer to historical norms.

Restaurants experienced a strong uptick as increased menu prices, consistent desire to dine out and strong tourism contributed to this favorable news. Just as important, theme parks, leisure-entertainment venues and hotels pushed positive momentum back to 2019 levels. With tightening profit margins and sustained labor concerns, future improvement could be slowed compared to the last two years.

Busy contractors and plumbing-electrical

suppliers boosted the building-construction sector. Solid residential and commercial housing prices persisted despite recent interest rate hikes. Tenant improvements further support spending activity as businesses assess future office needs. With statewide new housing requirements and federal infrastructure funding on the horizon, current forecasts stay optimistic.

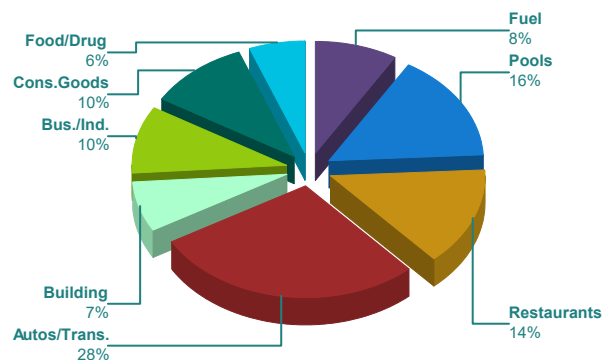
Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

For the second straight quarter, fuel sales linked to discount department stores propped up general consumer goods

results. Otherwise, retailers experienced flat to decreased receipts as many apparel categories, home furnishings and sporting goods struggled to keep pace with the prior year. As consumers balanced summer opportunities and higher prices, in-store shopping appears to have taken a temporary back seat.

Sustained price increases and interest rate hikes certainly have consumers contemplating where to spend their dollars. However, historically low statewide unemployment rates and the recovery of the national stock markets from declines earlier this year leave modest optimism heading into 2023.

REVENUE BY BUSINESS GROUP Rancho Santa Margarita This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Rancho Santa Margarita Business Type	Q3 '22*	Change	County Change	HdL State Change
Service Stations	177.3	-9.7% ↓	15.9% ↑	18.4% ↑
Casual Dining	126.7	4.1% ↑	8.0% ↑	10.1% ↑
Grocery Stores	87.8	1.5% ↑	3.2% ↑	3.0% ↑
Quick-Service Restaurants	75.6	6.7% ↑	5.4% ↑	4.0% ↑
Fast-Casual Restaurants	54.8	4.8% ↑	4.4% ↑	6.1% ↑
Specialty Stores	43.7	8.8% ↑	4.5% ↑	4.0% ↑
Auto Lease	28.4	-17.9% ↓	-15.4% ↓	-13.6% ↓
Light Industrial/Printers	25.1	12.6% ↑	9.2% ↑	10.2% ↑
Automotive Supply Stores	22.0	20.2% ↑	8.0% ↑	5.3% ↑
Family Apparel	19.2	-16.0% ↓	2.1% ↑	-1.7% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars