

CITY OF DEL MAR

SALES TAX UPDATE

2Q 2021 (APRIL - JUNE)



DEL MAR

TOTAL: \$ 360,037

162.5%
2Q2021



40.5%
COUNTY

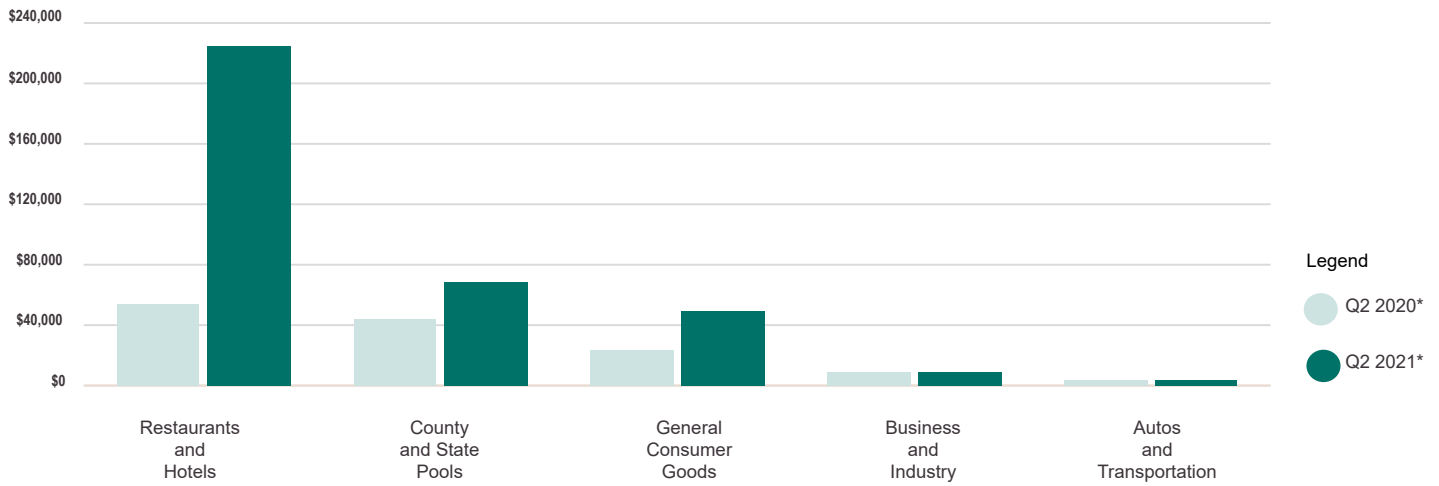


37.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure Q

TOTAL: \$631,061

↑ 68.3%



CITY OF DEL MAR HIGHLIGHTS

Del Mar's sales tax receipts from April through June were 91.8% above the first sales period in 2020. Adjustments for delayed payments and other reporting modifications resulted in actual sales that were up 162.5%. Overall place of sale collections soared 211.9% compared to the extreme lows of a year ago during the height of the pandemic shut-downs. All major sales tax categories posted significant increases.

The City's largest business segment, restaurants-hotels, roared back as people once again enjoyed dining out. Casual dining led the rebound, assisted by a new restaurant operator. With confidence in safety and some money to spend, people returned to in-store

shopping. Nearly all merchandise categories realized improved results.

The City's share of the countywide use tax pool allocations jumped 56.9%, with growth boosted by new taxes on out-of-state online purchases and surges in online shopping as people embraced the convenience of e-commerce.

Voter-approved Measure Q's positive results reflect significant growth in restaurant activity, sales of new and used vehicles, as well as in-store and online merchandise transactions.

Net of adjustments, taxable sales for all of San Diego County grew 40.5% over the comparable time period; the Southern California region was up 40.3%.



TOP 25 PRODUCERS

- | | |
|-------------------------------------|-----------------------------|
| Americana | Monarch |
| Banana Republic | Pacifica Del Mar Restaurant |
| Beeside Balcony | Poseidon On The Beach |
| Brigantine | Premier Food Services |
| Bustle | Rusty Surfboards Del Mar |
| Chicken Charlies Enterprises | Sbicca |
| Chinese Double Happiness Restaurant | Shinbashi Izakaya |
| Del Mar Blue Print Co | Stratford Court Cafe |
| Del Mar Car Care | Tamarindo |
| Del Mar Pizza & Pasta | Viewpoint Brewing Co |
| Dexters Deli | |
| Il Fornaio | |
| Jakes Del Mar | |
| L Auberge Del Mar | |
| Mattress Firm | |



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring April through June, was 37% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The 2nd quarter of 2020 was the most adversely impacted sales tax period related to the Covid-19 pandemic and Shelter-In-Place directive issued by Governor Newsom. The 2Q21 comparison quarter of 2Q20 was the lowest since 2Q14 due to indoor dining restrictions at most restaurants; non-essential brick and mortar store closures; and employee remote/work from home options which significantly reduced commuting traffic and fuel sales. Therefore, similar to the 1st quarter 2020 comparison, dramatic percentage gains for 2Q21 were anticipated and materialized.

Up to this point through California's recovery, we've seen some regions experience stronger gains than others. However, with the latest data and the depths of declines in the comparison period, statewide most regions saw very similar growth.

Within the results, prolonged gains by the auto-transportation and building-construction industries generated higher receipts. Although the explosion of sales by new and used car dealers has come as welcome relief, the latest news of inventories being stretched thin due to the micro processing chip issues earlier in the year may result in a headwind into 2022. Conversely for the building-construction group, as housing prices in many markets increased over the last year, sustained available homeowner and investor equity is in place for the foreseeable future. Receipts from general consumer goods marked a steady and expected come back, led by family apparel, jewelry and home furnishing stores. When combined with solid greater economic trends, this is a welcome

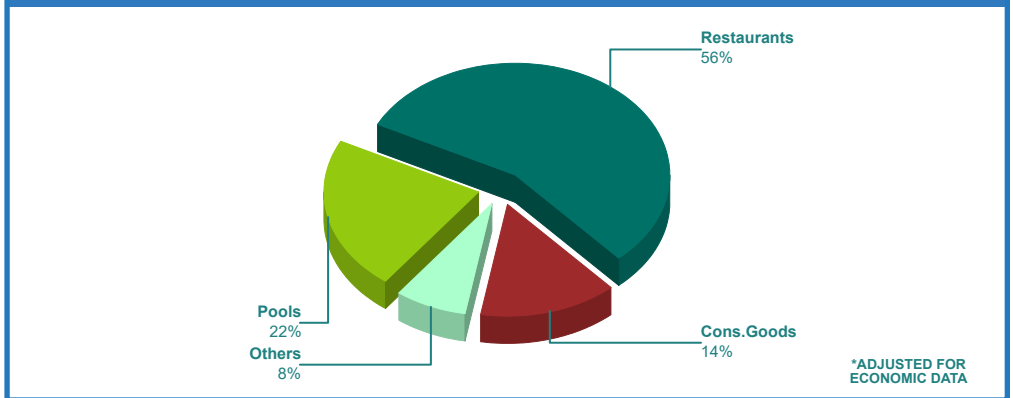
sign for many companies as a lead up to the normal holiday shopping period later this calendar year.

As consumers flock back into retail locations and with AB 147 fully implemented, growth from the county use tax pools - largely enhanced by out-of-state online sales activity - returned to more traditional gains of 9%. These results also included the reallocation of tax dollars previously distributed through the countywide pools to specific local jurisdictions that operate in-state fulfillment centers. Thus, the business and industry category, where fulfillment centers, medical-biotech vendors and garden-agricultural supplies are shown, jumped 26%.

In June, many restaurants reopened indoor dining. Given consumer desires to eat out and beautiful spring weather, all categories experienced a strong, much-needed rebound. However, labor shortages and a rise in menu prices continue to be a concern.

Looking ahead, sustained sales tax growth is still anticipated through the end of the 2021 calendar year. Inflationary effects are showing up in the cost of many taxable products. Pent up demand for travel and experiences, the return of commuters with more costly fuel, and labor shortages having upward pressure on prices may begin to consume more disposable income and tighten growth by the start of 2022.

REVENUE BY BUSINESS GROUP Del Mar This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Del Mar Business Type	Q2 '21	Change	County Change	HdL State Change
Casual Dining	151,899	307.1% ↑	153.0% ↑	130.2% ↑
Quick-Service Restaurants	28,689	370.3% ↑	33.9% ↑	28.9% ↑
Specialty Stores	13,775	124.3% ↑	76.7% ↑	67.7% ↑
Business Services	7,294	-4.0% ↓	44.2% ↑	30.8% ↑
Family Apparel	6,818	150.9% ↑	191.8% ↑	230.5% ↑
Women's Apparel	5,940	66.4% ↑	330.6% ↑	266.8% ↑
Home Furnishings	5,173	9.5% ↑	84.6% ↑	88.5% ↑
Art/Gift/Novelty Stores	2,908	623.2% ↑	106.7% ↑	100.3% ↑
Non-Store Retailers	2,528	715.0% ↑	32.7% ↑	17.6% ↑
Jewelry Stores	1,841	366.7% ↑	245.1% ↑	289.7% ↑

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