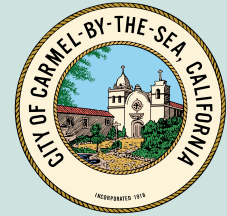


CITY OF CARMEL

SALES TAX UPDATE

2Q 2023 (APRIL - JUNE)



CARMEL

TOTAL: \$ 889,641

-4.2%

2Q2023



-3.7%

COUNTY



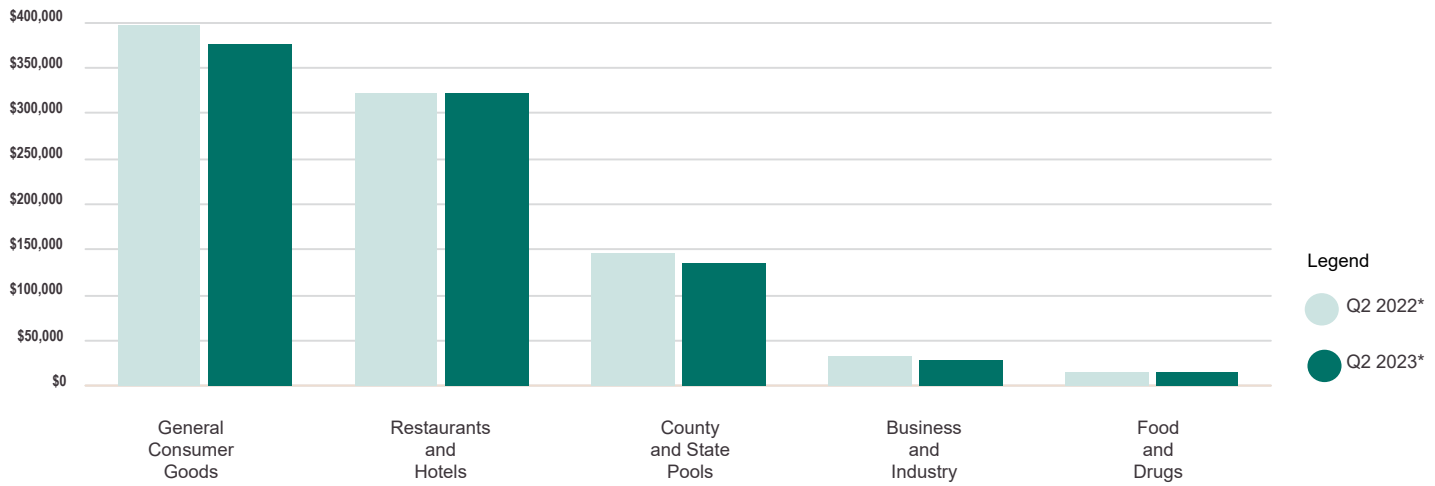
-3.0%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure C

TOTAL: \$1,488,078

↓ -1.8%



CITY OF CARMEL HIGHLIGHTS

Carmel's receipts from April through June were 1.9% above the second sales period in 2022. Excluding reporting adjustments that include late payments, receipts for this period were down 4.2%.

At this time last year, total receipts were up over 10%, but the economy has changed and this hit the general consumer goods group the hardest. Of this group of outlets, the galleries and gift shops saw the greatest collective decline in sales, while jewelry stores saw a respective increase in overall sales.

The decline in the City's allocation from the use tax pool stems from the fact that the pool was fat with tax allocations

related to utility upgrade projects that have ended.

On a positive note, the restaurant group managed to break even this period after two consecutive quarters of decline.

Measure C fared better this period as spending on new construction rose 37%.

Net of adjustments, taxable sales for all of Monterey County declined 3.7% over the comparable time period while those of the Central Coast region were down 1.7%.



TOP 25 PRODUCERS

- | | |
|--------------------------------------|------------------------------|
| Alvarado Street Brewery & Bistro | Il Fornaio |
| Anthropologie | J Lawrence Khakis |
| Arhaus Furniture | La Bicyclette |
| Caffe Napoli | La Playa Hotel |
| Carmel Classics | L'Auberge Carmel |
| Casanova Restaurant | Lloyds Shoes |
| Club | Pangaea Grill |
| Coach | Pocket Carmel |
| Dametra Cafe | Portabella Mediterranean |
| Flahertys Seafood Grill & Oyster Bar | Seventh & Dolores Restaurant |
| Fourtane Estate Jewelers | Tiffany & Co |
| Girl Boy Girl | Treehouse Cafe |
| Grasings Coastal Cuisine | |



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.

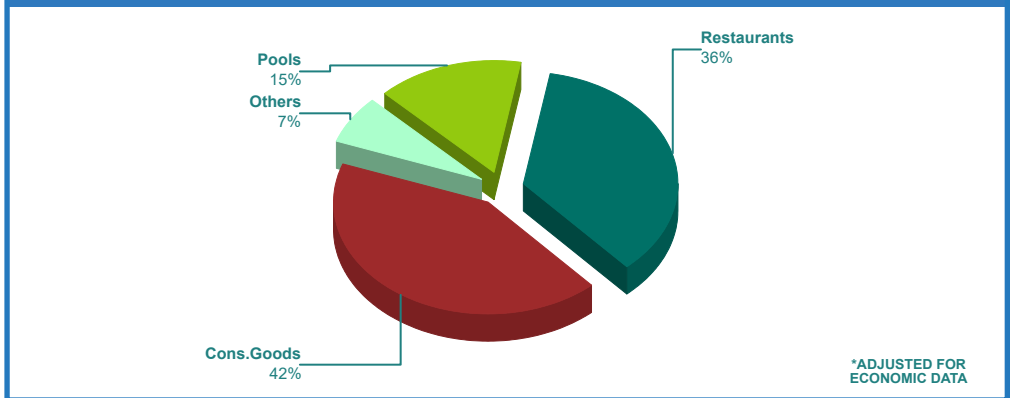
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets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



TOP NON-CONFIDENTIAL BUSINESS TYPES

Carmel Business Type	Q2 '23	Change	County Change	HdL State Change
Casual Dining	226,980	7.7% ↑	1.2% ↑	4.5% ↑
Jewelry Stores	109,080	6.6% ↑	-0.2% ↓	-1.0% ↓
Family Apparel	65,656	-4.4% ↓	-3.1% ↓	-0.9% ↓
Fine Dining	62,585	-3.4% ↓	-9.0% ↓	-5.2% ↓
Women's Apparel	57,626	-9.0% ↓	-8.2% ↓	-8.5% ↓
Art/Gift/Novelty Stores	44,248	-18.9% ↓	-8.1% ↓	-1.2% ↓
Home Furnishings	25,377	-19.2% ↓	-16.5% ↓	-11.3% ↓
Specialty Stores	24,813	-13.7% ↓	-1.8% ↓	-1.3% ↓
Hotels/Motels	23,117	-35.7% ↓	-4.9% ↓	1.3% ↑
Wineries	18,439	-15.3% ↓	-4.1% ↓	-5.2% ↓

*Allocation aberrations have been adjusted to reflect sales activity