

CITY OF CARMEL

SALES TAX UPDATE

4Q 2020 (OCTOBER - DECEMBER)



CARMEL

TOTAL: \$ 549,520

-16.6%

4Q2020



-4.4%

COUNTY



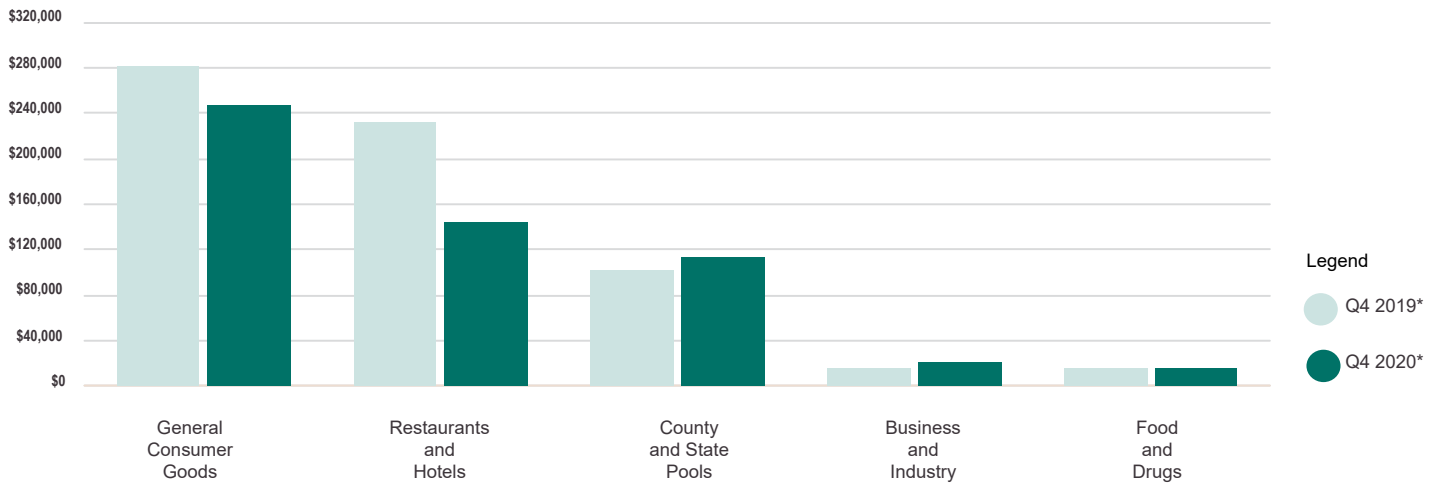
-2.0%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure C

TOTAL: \$860,839



CITY OF CARMEL HIGHLIGHTS

Carmel's receipts from October through December were 19.9% below the fourth sales period in 2019. Excluding reporting aberrations, actual sales were down 16.6%.

Overall place of sale collections declined 21.7% as Covid-19 pandemic-related economic impacts continue to weigh on certain business sectors, while others thrive. This was the normal holiday shopping period, and general consumer retailers felt the strain of weak foot traffic and in-store buying. A continued reduction in driving miles and lower gas prices pushed revenues down.

Similarly, restaurant and hotel receipts

fell as the crisis curtailed travel activity and on-premises dining.

This marked the second full quarter of the new voter-approved Measure C transaction tax. In converting comparable data from the former 1% Measure D to the 1.5% Measure C, results indicate a similar decline in revenues.

On a positive note, mirroring statewide trends, stay at home dining boosted food-drug sales. Several business types within the business-industry group saw an uptick in receipts – with wine related operations showing the biggest growth.



TOP 25 PRODUCERS

- | | |
|----------------------------------|--------------------------------------|
| Alvarado Street Brewery & Bistro | Flahertys Seafood Grill & Oyster Bar |
| Anthropologie | Fourtane Estate Jewelers |
| Anton & Michel Restaurant | Girl Boy Girl |
| Augustina Leathers | Grasings Coastal Cuisine |
| Brunos Market & Delicatessen | J Lawrence Khakis |
| Caffe Napoli | La Bicycleette |
| Carmel Bay Company | La Playa Hotel |
| Carmel Classics | Lloyds Shoes |
| Carmel Shell | Mad Dogs & Englishmen |
| Casanova Restaurant | Portabella Mediterranean |
| Coach | Seventh & Dolores Restaurant |
| Coast Carmel | Tiffany & Co |
| Cultura Comida Y Bebida | |



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring October through December, the holiday shopping season, was 1.9% lower than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous periods. Lower receipts were primarily concentrated in the Bay Area and coastal southern regions while much of inland California, including the San Joaquin Valley, Inland Empire, and northern regions, exhibited solid gains.

As expected, the larger place of sale categories which have been negatively impacted throughout the pandemic continue to be brick and mortar general consumer goods retailers like family apparel, department, and electronics/appliance stores. With limited to zero allowed indoor dining (depending on a County's Covid-19 tier assignment), restaurants and hotels suffered the largest losses especially in communities that strongly rely on tourism. Although the workforce has slowly begun to return to physical office environments, fuel and service stations revenues lagged the prior year performance.

It does not appear that Governor Newsom's second 'shelter at home' directive, initiated by the increase in Covid-19 cases had an impact on overall results. While some merchants chose to utilize the Governor's executive order allowing for a 90-day deferral of sales tax remittance, it was substantially less than the similar opportunity companies utilized during the 1st and 2nd quarters of 2020. The outstanding payments for most California cities will be remitted before the end of the 2020-21 fiscal year.

On the bright side, as consumer confidence stabilized post the national

presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

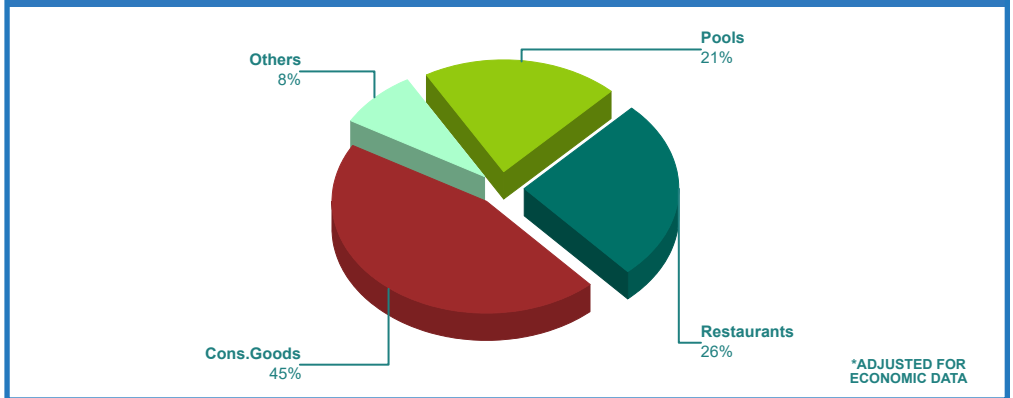
The building-construction sector, with 1) increased price of goods - like lumber, 2) continued home improvement projects, and 3) advantageous fall/winter weather conditions saw strong gains that remained consistent throughout the calendar year.

Exponential growth from countywide use tax pools further helped offset the declines. Greater online shopping signifying a permanent shift of consumer

habits to this more convenient experience was inevitable.

On the horizon, mass deployment of the Covid-19 vaccine will help a greater number of businesses, restaurants and theme parks to reach reopen status. Recent approval of the American Rescue Plan Act of 2021 will further support greater consumer spending, albeit in targeted segments. Pent up demand for summer outdoor experiences and travel is likely and thereby household spending is temporarily reverted away from taxable goods when compared to recent activity.

REVENUE BY BUSINESS GROUP
Carmel This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Carmel Business Type	Q4 '20	Change	County Change	HdL State Change
Casual Dining	91,672	-33.8% ↓	-37.4% ↓	-39.4% ↓
Jewelry Stores	61,617	16.9% ↑	0.9% ↑	-1.8% ↓
Art/Gift/Novelty Stores	40,105	7.0% ↑	-5.3% ↓	-16.5% ↓
Fine Dining	39,223	-35.8% ↓	-52.9% ↓	-54.4% ↓
Women's Apparel	37,921	-31.3% ↓	-35.0% ↓	-36.0% ↓
Family Apparel	36,476	-25.6% ↓	-12.7% ↓	-16.1% ↓
Specialty Stores	20,770	-9.5% ↓	-6.5% ↓	-6.7% ↓
Wineries	17,862	28.4% ↑	-6.6% ↓	-5.9% ↓
Home Furnishings	16,361	-26.4% ↓	-2.5% ↓	0.8% ↑
Shoe Stores	9,822	-33.5% ↓	-14.3% ↓	-14.1% ↓

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