

CITY OF WEST COVINA

SALES TAX UPDATE

4Q 2020 (OCTOBER - DECEMBER)



WEST COVINA

TOTAL: \$ 5,340,707

0.9%

4Q2020



-7.7%

COUNTY



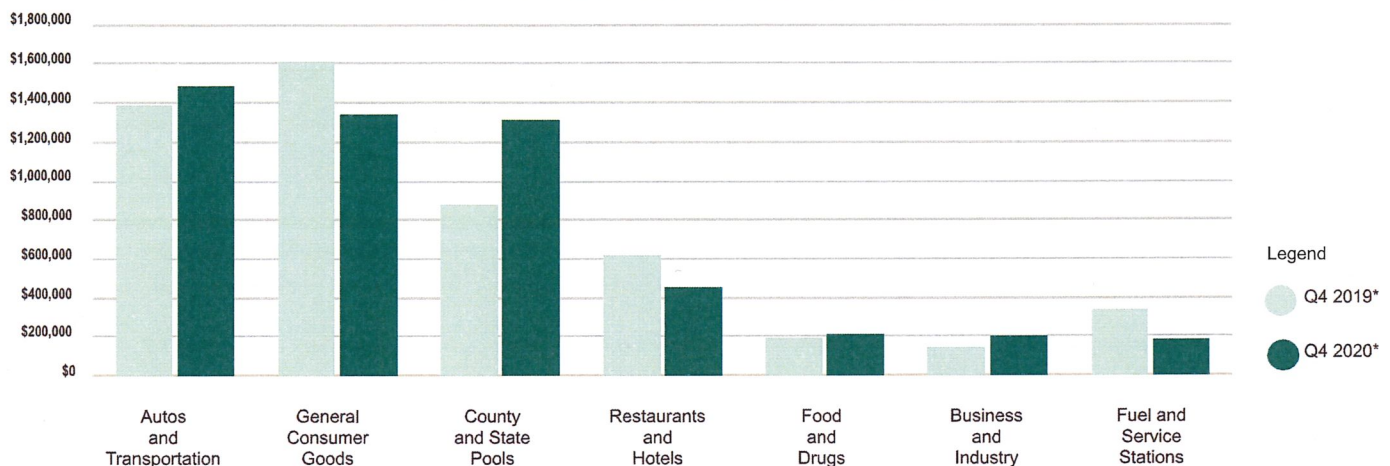
-2.0%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF WEST COVINA HIGHLIGHTS

West Covina's receipts from October through December were 0.9% above the fourth sales period in 2019.

The City experienced overall growth mainly attributable to stellar performance in the countywide use tax pool and a boost in new motor vehicles, auto leases, and business and industry.

With consumers continuing to eat, shop, and exercise at home, grocery store, home furnishings, and sporting goods stores flourished.

General consumer goods, including electronics/appliance stores, family and women's apparel, and shoe stores lagged state and county trends for the fourth consecutive quarter. Dining activity in restaurants was significantly lower, which negatively impacted

casual and quick service receipts, and a reduction in consumption and demand for fuel pushed service station returns down. These factors combined to offset the overall quarterly gain.

Net of aberrations, taxable sales for all of Los Angeles County declined 7.7% over the comparable time period; the Southern California region was down 2.7%.



TOP 25 PRODUCERS

- Ashley Furniture Homestore
- Audi West Covina
- Azusa Arco
- Best Buy
- Burlington
- Crestview Cadillac
- Daimler Trust
- Dick's Sporting Goods
- Envision Chrysler Dodge Jeep Ram Of West Covina
- Envision Toyota Of West Covina
- Home Depot
- Honda Lease Trust
- JC Penney
- Macys
- Marshalls
- Mercedes Benz Of West Covina
- New Flyer of America
- Norm Reeves Honda
- Reynolds Buick
- Ross
- Stater Bros
- Target
- Tow Industries
- Walmart Supercenter
- West Covina Nissan



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.

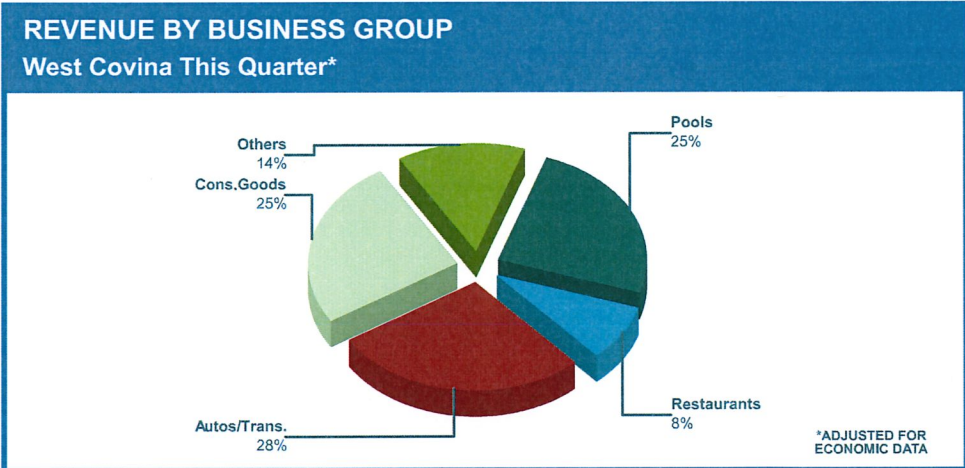
On the bright side, as consumer confidence stabilized post the national presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

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.



TOP NON-CONFIDENTIAL BUSINESS TYPES

West Covina Business Type	Q4 '20*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,196.6	10.0% ↑	4.7% ↑	7.2% ↑
Quick-Service Restaurants	254.4	-4.6% ↓	-12.2% ↓	-8.7% ↓
Auto Lease	199.2	11.4% ↑	0.5% ↑	2.2% ↑
Service Stations	185.1	-45.7% ↓	-38.2% ↓	-31.3% ↓
Family Apparel	182.2	-18.3% ↓	-19.2% ↓	-16.1% ↓
Electronics/Appliance Stores	162.4	-25.9% ↓	-23.4% ↓	-25.0% ↓
Casual Dining	149.9	-45.9% ↓	-45.3% ↓	-39.4% ↓
Specialty Stores	147.7	-2.7% ↓	-10.7% ↓	-6.7% ↓
Home Furnishings	136.1	35.3% ↑	0.0% ↓	0.9% ↑
Grocery Stores	126.0	17.7% ↑	4.1% ↑	5.2% ↑

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*In thousands of dollars