

CITY OF CULVER CITY

SALES TAX UPDATE

3Q 2023 (JULY - SEPTEMBER)



CULVER CITY
TOTAL: \$ 6,020,998

-1.1%
3Q2023



-2.4%
COUNTY

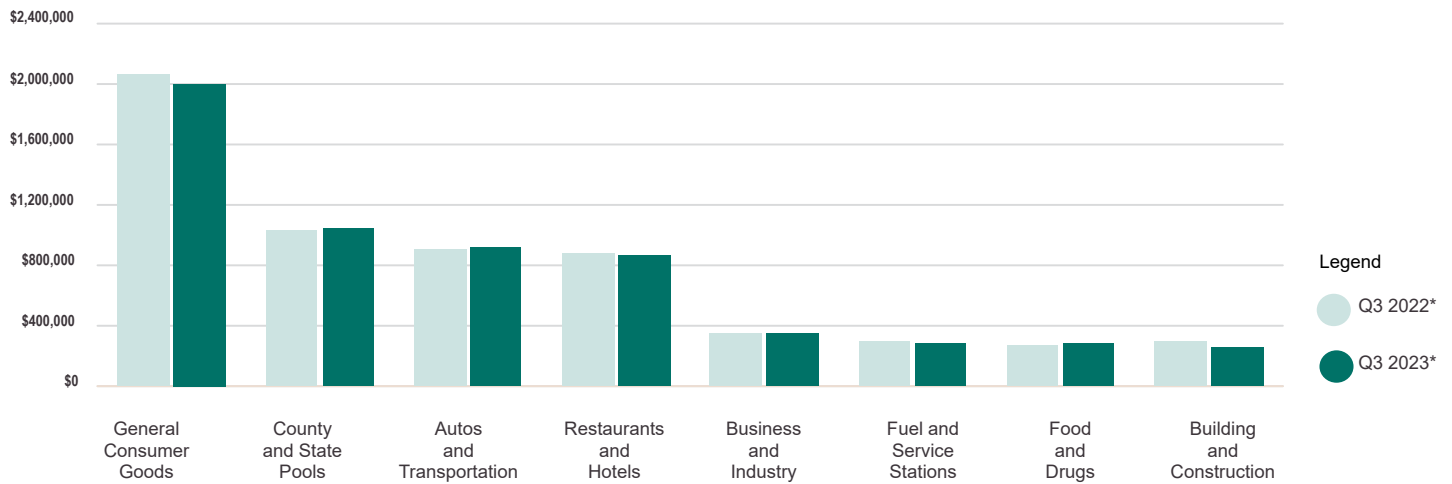


-1.7%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure CC
TOTAL: \$2,703,550
↓ -5.6%

Measure C
TOTAL: \$1,352,302
↓ -5.6%



CITY OF CULVER CITY HIGHLIGHTS

Culver City's receipts from July through September were 1.7% below the third sales period in 2022. Excluding reporting aberrations, actual sales were down 1.1%, slightly better than the regional trend.

Revenue from electronics and appliance stores dropped in comparison to the last few years when shoppers had satiated their need for new laptops, cell phones, televisions, and similar goods during the pandemic, pulling forward sales from future periods.

Shoe stores were hurt by the recent closure of a local merchant. The sale of building and construction goods were negatively impacted by the falling price of lumber and other basic supplies after the inflationary spike experienced last year. Tax proceeds

from gasoline stations fell for the same reason.

The closure of a restaurant as it transitioned to a new concept under changed ownership temporarily depressed casual dining returns.

The positive news this quarter included the addition of new business service vendors, which brought additional tax revenue to the City. The opening of a new merchant in the food and drug major industry group also helped to offset some of the losses previously discussed.

Net of aberrations, taxable sales for all of Los Angeles County declined 2.5% over the comparable period; the Southern California region was down 1.5%.



TOP 25 PRODUCERS

Arco AM PM
Best Buy
Costco
Culver City Chevrolet
Culver City Honda
Culver City Toyota
Culver City Volvo Cars
Foot Locker
Howard Industries
I Am Beyond
In N Out Burger
JC Penney
Macy's
Nordstrom Rack
Rite Aid
Ross

Sephora
Target
Tiktok
TJ Maxx
Trader Joe's
VCFS Auto Leasing Company
Vicon Motion Systems
Vons
Wolfgang Puck Catering & Events



STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of July through September were 1.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods.

Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15% lower year-over-year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop. Despite OPEC and Russia production cuts having upward pressure on pricing, global demand during the winter months has softened.

Along with merchants selling gas, many other general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Home furnishings and electronic-appliances were a couple of the largest sectors with the biggest reductions. As inflation and higher prices were the main story a year ago, currently it appears to be a balancing act between wants and needs, leaving meek expectations for the upcoming holiday shopping season.

Even following a long, wet first half of 2023, spending at building and construction suppliers moderately slowed. The current high interest rate environment did not help the summer period and still represents the largest potential headwind for the industry with depressed commercial development, slowing public infrastructure projects and new housing starts waiting for more profitable financial conditions.

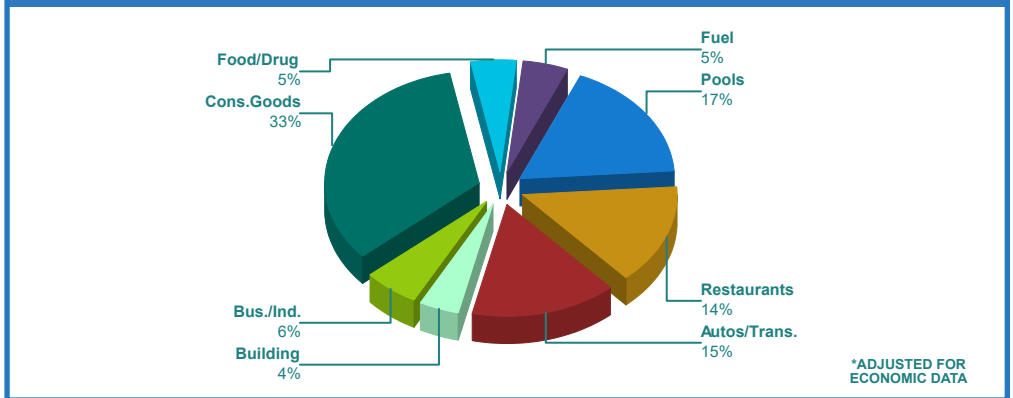
Despite continued increases of new car registrations, revenue from the auto-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets.

Restaurants remained an economic bright spot through summer exhibiting a 2.6% gain. As tourism, holiday and business travel are all expected to have recovered in 2024, the industry is bracing for implementation of AB 1228 - new CA law setting minimum wages for 'fast food restaurants'.

With one more quarterly result to go in 2023, the recent trend of a moderate decline appears likely before a recovery in 2024. Initial reports from the holiday shopping season reflect a 3% bump in retail sales compared to 2022. Lingering consumer confidence may have also received welcome news as the Federal Reserve considers softening rates by mid-2024.

REVENUE BY BUSINESS GROUP Culver City This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Culver City Business Type	Q3 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	724.2	2.8% ↑	-3.1% ↓	-2.4% ↓
Casual Dining	410.2	-5.7% ↓	3.3% ↑	2.8% ↑
Service Stations	288.6	-4.4% ↓	-8.2% ↓	-7.3% ↓
Family Apparel	221.0	4.3% ↑	1.8% ↑	3.2% ↑
Electronics/Appliance Stores	185.7	-9.8% ↓	-16.7% ↓	-14.1% ↓
Specialty Stores	183.3	3.1% ↑	0.6% ↑	-1.9% ↓
Quick-Service Restaurants	172.9	-0.6% ↓	1.5% ↑	2.7% ↑
Fast-Casual Restaurants	161.0	1.5% ↑	2.5% ↑	3.3% ↑
Grocery Stores	156.9	13.6% ↑	2.7% ↑	2.3% ↑
Plumbing/Electrical Supplies	123.3	-2.1% ↓	-4.1% ↓	-3.8% ↓

*Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars