

Q2 2020



City of Monrovia Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2020)

Monrovia In Brief

Monrovia's receipts from April through June were 1.2% below the second sales period in 2019. Excluding reporting aberrations, actual sales were down 12.9%.

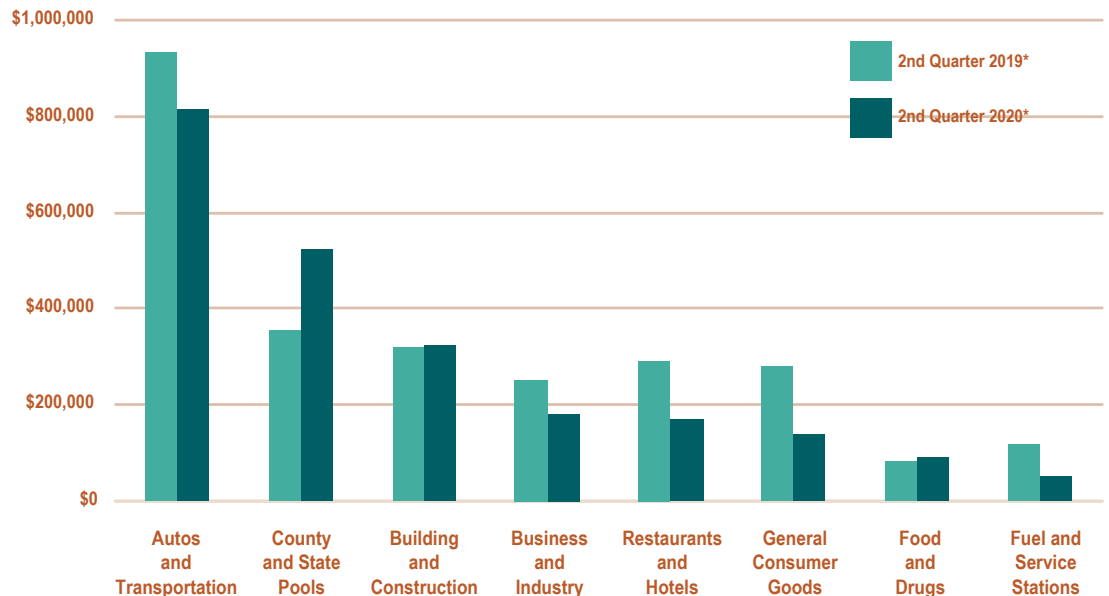
The impact of COVID-19 pushed down most major industry groups. The biggest drop was in general consumer goods including family apparel and specialty stores, which were required to close their doors most of the quarter. The City experienced significant reductions in casual, quick service, and fast casual dining. Sales were also down in new motor vehicles, auto repair shops and auto leases.

Business and industry returns, including business services and light industrial printers, lagged county and state trends for the eighth consecutive quarter. Reduced demand and consumption of fuel translated into much lower service station receipts.

The state and county use tax pools and building and construction businesses helped to offset the overall quarterly loss. The City's Transaction and Use Tax Measure K generated 40% of the Bradley Burns.

Net of aberrations, taxable sales for all of Los Angeles County declined 22.7% over the comparable time period; the Southern California region was down 18.0%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

76	Living Spaces Furniture
ABC Supply Co	Lowes
BMW & Mini of Monrovia	Metro Infiniti
Bodyworks Equipment	Monrovia Chrysler Dodge Jeep Ram
Chevron	Nissan Infiniti
Financial Services Vehicle Trust	Petsmart
Financial Tech Solutions	Pick A Part Auto Dismantling
Hamilton Company	Sierra Honda Chevrolet
Home Depot	Southeast Concrete Products
Honda Lease Trust	Superior Pool Products
Interior Services	Trader Joes
Joah Love Kids Clothing	Vons
John Moran Auctioneers	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2018-19	2019-20
Point-of-Sale	\$9,222,914	\$8,294,819
County Pool	1,368,801	1,790,505
State Pool	4,613	4,404
Gross Receipts	\$10,596,328	\$10,089,728
Measure K	\$0	\$928,647

Statewide Results

Local sales and use tax receipts from April through June sales were 16.3% lower than the same quarter of 2019 after factoring for accounting anomalies and back payments from previous quarters.

This was the largest quarter to quarter decline since 2009. The drops were deepest in the San Francisco Bay Area, Central Coast and Southern California where declines in revenues from fuel, automobiles, general consumer goods and restaurants/hotels were the most severe.

However, despite a 14.9% unemployment rate that eclipsed the previous high of 12.3% during the great recession of 2010 and temporary business closures, the drop in sales was less than previously projected by most analysts including HdL.

The high second quarter unemployment rates primarily affected lower wage service sectors which generate a smaller share of sales tax revenues. Internet connected knowledge workers continued to work but locked at home, found that they had extra cash to spend because of reduced commute and work-related expenses and few entertainment or travel options. Additionally, though much of the quarter's government relief payments were spent largely on rents, utilities and necessities, the money was not distributed proportionally to income losses thereby adding temporary discretionary income gains for some recipients.

Low interest rates and longer term lending practices allowed the extra money to be spent on previously delayed purchases such as autos and home improvements. New car registrations dropped 48.9% in the second quarter, but sales tax receipts dropped only 15.8% as buyers who did purchase, opted for more expensive SUV's, trucks and luxury vehicles. As cabin fever set in, sales of RV's, boats and Motorcycles also began to rise.

With restaurants and many brick and mortar stores closed or restricted to limited occupancy, buyers shifted to online shopping with tax revenues from in-state fulfillment centers rising 142.7% over the

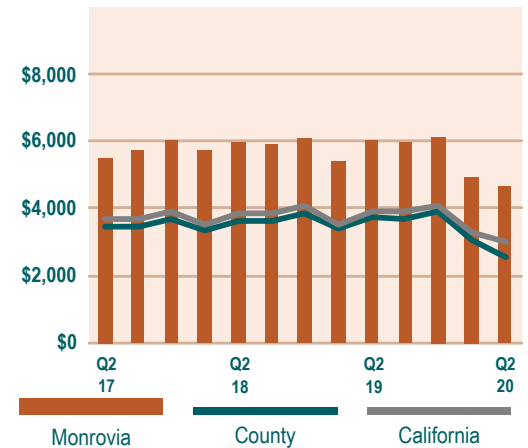
second quarter of 2019 and county pools where tax receipts from out-of-state goods are allocated, rising 28.9%. Online sales accounted for 52.0% of this quarter's tax revenues from the general consumer goods group.

Working at home eventually morphed into working on home thereby boosting related improvement purchases. Grocers, cannabis, liquor and sporting goods further helped offset losses in other segments.

Strong demand for warehouse and shipping technology, equipment and supplies to accommodate the increase in online shopping as well as home offices and virtual classrooms helped offset declines in the business/industrial group. Unanticipated gains in agriculture related purchases and transit spending further added to the offset.

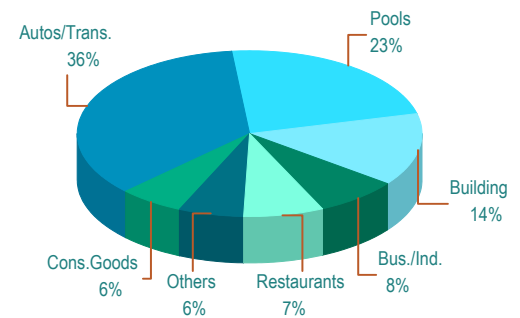
Pandemic uncertainties, fires, childcare issues and bankruptcies are expected to result in uneven gains through 2020-21 with each jurisdiction's experience differing according to the scope and character of their individual tax bases. Overall recovery and improvement in statewide receipts is not expected to begin until 2021-22.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP Monrovia This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

MONROVIA TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Monrovia Q2 '20*	Monrovia Change	County Change	HdL State Change
Auto Lease	184.5	-4.5%	-11.9%	-9.2%
Auto Repair Shops	22.0	-41.9%	-35.5%	-28.2%
Automotive Supply Stores	22.0	-7.2%	-10.7%	-4.7%
Building Materials	294.5	1.9%	2.3%	7.0%
Business Services	22.3	-58.1%	-23.9%	-31.0%
Casual Dining	67.5	-52.0%	-56.0%	-53.2%
Drugs/Chemicals	—	CONFIDENTIAL	-3.0%	-6.8%
Family Apparel	39.9	-53.1%	-67.2%	-66.3%
Fast-Casual Restaurants	22.8	-29.3%	-34.7%	-30.3%
Grocery Stores	59.5	11.7%	5.3%	7.8%
Home Furnishings	—	CONFIDENTIAL	-41.9%	-41.7%
New Motor Vehicle Dealers	581.6	-13.9%	-19.6%	-15.8%
Quick-Service Restaurants	77.7	-20.8%	-26.3%	-22.0%
Service Stations	52.4	-54.9%	-50.2%	-45.2%
Specialty Stores	23.9	-37.8%	-37.1%	-36.0%
Total All Accounts	1,768.6	-22.3%	-31.2%	-24.0%
County & State Pool Allocation	522.3	47.5%	29.4%	28.2%
Gross Receipts	2,290.9	-12.9%	-22.9%	-16.4%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.