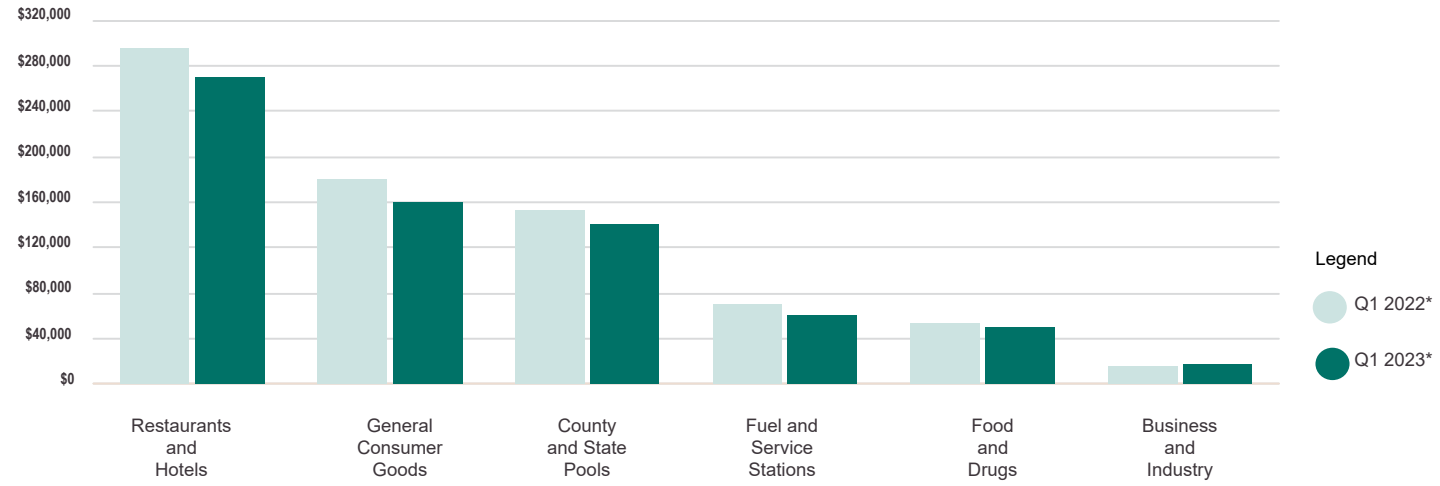
CITY OF PISMO BEACH
SALES TAX UPDATE
1Q 2023 (JANUARY - MARCH)

PISMO BEACH						
TOTAL: $ 762,671	-13.5% 1Q2023	↓	-8.2% COUNTY	↓	-1.1% STATE	↓

*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure I
TOTAL: $416,992
↓ -7.2%

CITY OF PISMO BEACH HIGHLIGHTS

Pismo Beach's receipts from January through March were 4.3% below the first sales period in 2022. Excluding reporting aberrations, actual sales were down 13.5%.

After last year's strong returns, the uncertain economic outlook with rising interest rates from the Federal Reserve to cool inflation has meant a pullback in spending. Factors from pricing pressures from higher interest rates impacting vehicle/home loans and credit card debt to the wetter weather may have influenced locals and tourists alike from venturing out to dine or make retail purchases.

Restaurant-hotel receipts diminished with fewer visits in all categories, but the largest drop came from casual dining, including one business closure. With recent economic reports, eating at home is now more affordable than dining out, and some patrons have expressed fatigue with higher menu prices. Lower prices at the pump meant a drop in service station revenues after the record levels seen in the spring.

Voter approved Measure I delivered similar results with the largest declines for restaurants and service stations.

Net of aberrations, taxable sales for all of San Luis Obispo County declined 8.2% over the comparable time period; the Central Coast region was down 3.6%.

TOP 25 PRODUCERS

Arco AM PM
California Fresh Market
Chevron
Cliffs at Shell Beach
Coach
Cool Cat Cafe
CVS Pharmacy
Dolphin Bay Lido Restaurant
Giuseppes Cucina
McDonald's
Me N Eds Pizzeria And Craft House
Nike
Panchos Surf Shop
Pismo 76
REC Solar
Rite Aid
Rosas Italian Restaurant
Ross
Sea Venture Resort
Sky River RV
Splash Cafe
Spyglass Shell
Ventana Grill
Vista Steak & Seafood
Wooly's Oyster Loft

STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of January through March were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The first quarter of the calendar year experienced heavy rainfall and a slight pullback by consumers during this post-holiday period.

The building and construction sector was most impacted by wet weather conditions, especially contractors and paint/glass vendors. Furthermore, when coupled with year-over-year (YOY) lumber price declines, the sector saw a 9.7% statewide drop.

YOY declines in fuel prices at the pump reduced receipts from gas stations and petroleum providers. Even with OPEC's recent production cuts, the global cost of crude oil has remained steady setting up for moderate gas prices for travelers and commuters in the coming summer months. Retailers also selling fuel experienced a similar impact and when combined with weak results from department stores, overall general consumer goods' returns slightly declined.

After multiple years of high demand for vehicles (especially high-end luxury and electronic/hybrid brands), along with inflation driving car prices higher, customers demand has softened with revenue slumping 1.3%. The return of available inventory later this calendar year may sustain downward pressure on activity, potentially giving buyers more leverage to negotiate lower prices.

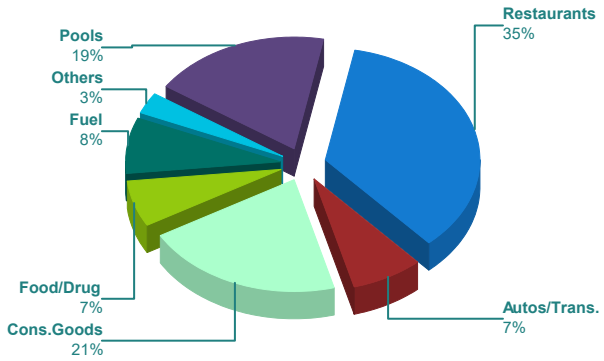
Use taxes remitted via the countywide pools decreased 1.1%, marking the second consecutive quarter of decline. Cooling consumer confidence, expansion of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number of agencies benefited.

Spending at local restaurants and hotels continues to be robust. Patrons were unaffected by increased menu prices and wait times and maintained their willingness to dine out. In addition, investments in warehouse/farm/construction equipment was steady.

For the remainder of 2023 sales taxes may decrease modestly, then begin a nominal recovery in early 2024. Volatile economic indicators such as the Federal Funds rate, unemployment levels, and discretionary spending will influence outcomes. While it appears the Federal Reserve's actions to fight inflation is taking effect, any lasting downward pressure on consumer pricing could also hinder short term growth.

REVENUE BY BUSINESS GROUP

Pismo Beach This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Pismo Beach Business Type	Q1 '23	Change	County Change	HdL State Change
Casual Dining	152,205	-11.1%	-6.4%	9.6%
Family Apparel	66,684	-11.0%	-4.8%	2.3%
Service Stations	61,059	-13.6%	-7.4%	-9.8%
Quick-Service Restaurants	35,181	-6.5%	3.6%	5.1%
Shoe Stores	34,497	-4.2%	0.8%	0.5%
Hotels/Motels	33,147	-7.5%	8.9%	32.3%
Women's Apparel	19,838	-7.5%	-15.1%	-7.3%
Sporting Goods/Bike Stores	16,525	-22.0%	-16.6%	-8.1%
Convenience Stores/Liquor	11,812	-13.1%	-10.1%	-4.9%
Fast-Casual Restaurants	11,483	-15.9%	0.8%	6.4%

Allocation aberrations have been adjusted to reflect sales activity