



# Orange County Transportation Authority

## **Measure M2 and TDA Forecast Review**

Tom Adams

Client Success Manager

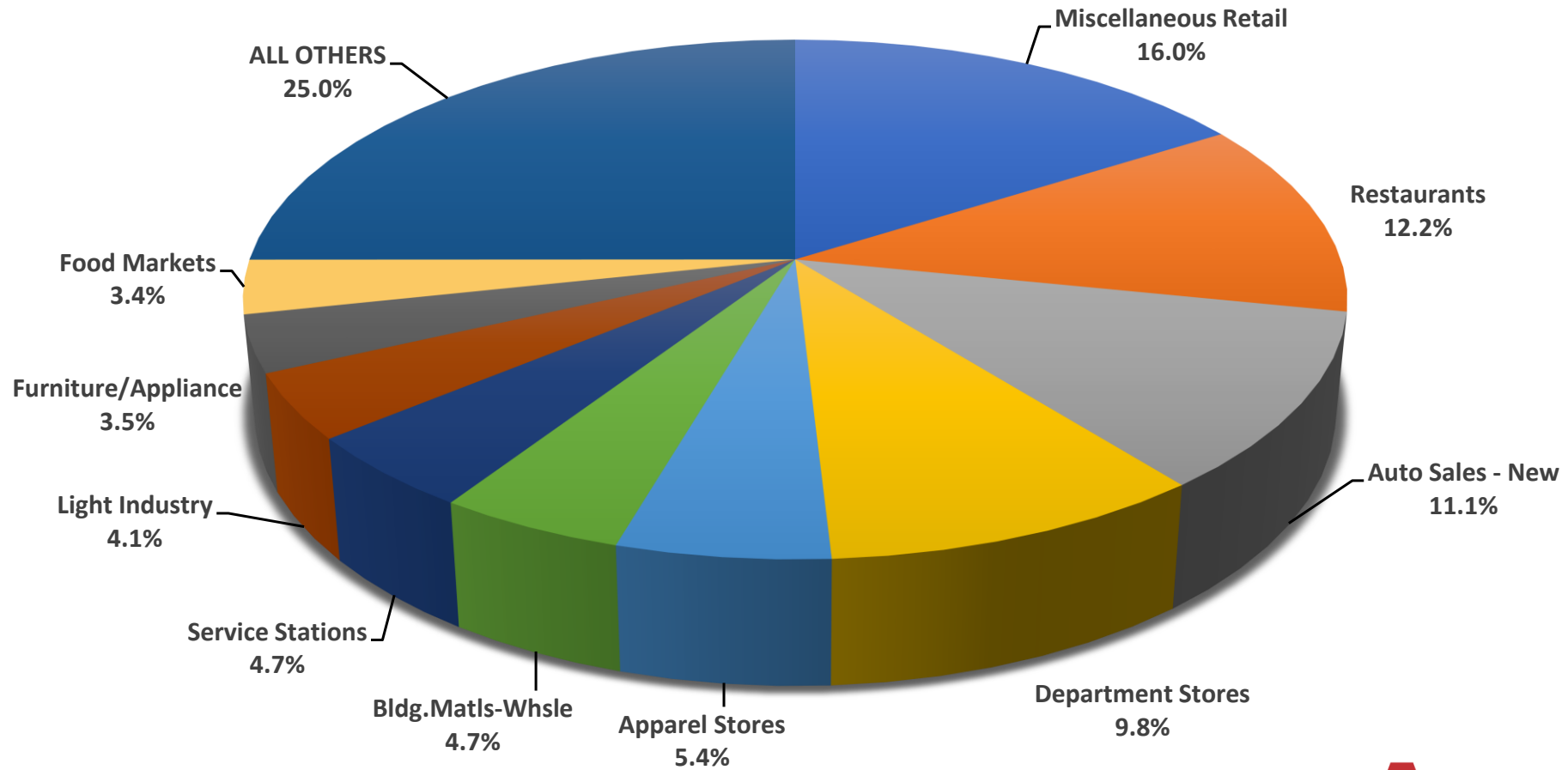
[Thomas.Adams@AvenuInsights.com](mailto:Thomas.Adams@AvenuInsights.com)

May 2023 Update

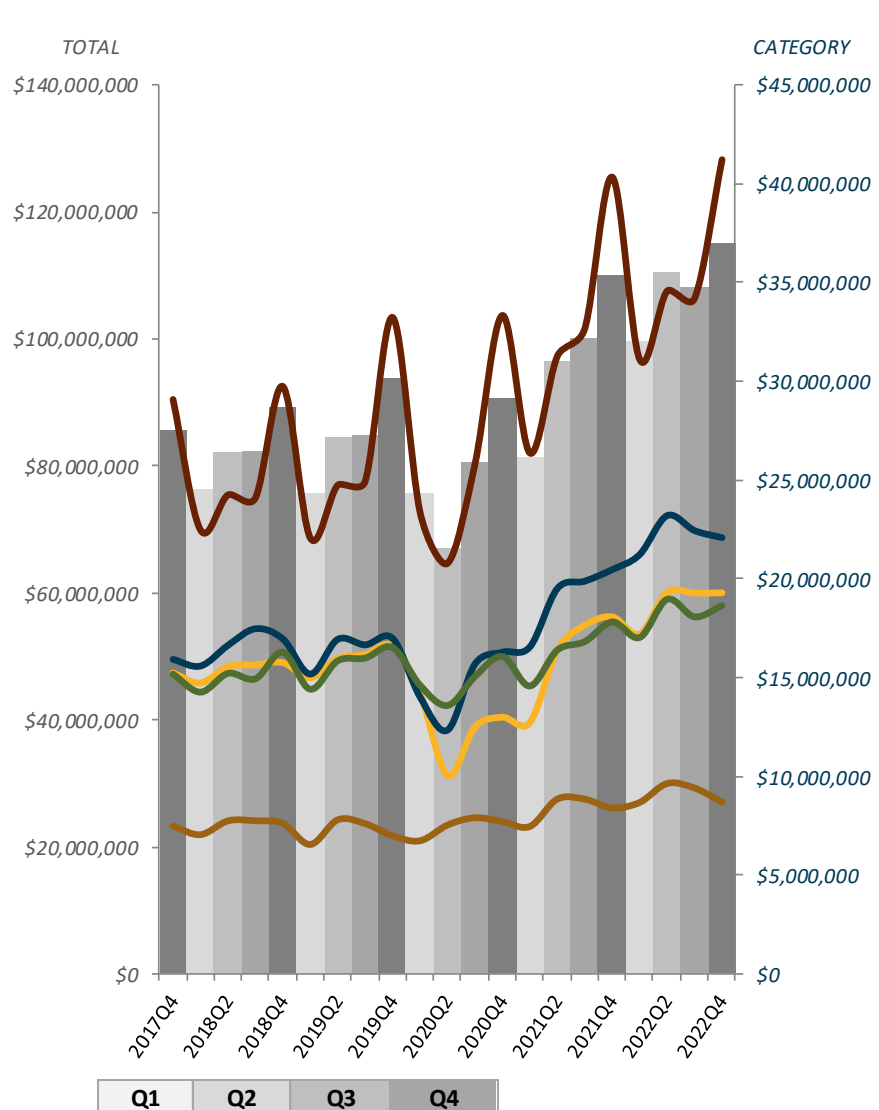
# Agenda

- Top Segments, Quarterly Performance, & Top 25 Businesses
- Sales Tax Revenues Compared to Income
- Employment Compared to Sales Tax per Capita
- Coronavirus Impacts
- Forecast Assumptions and Recovery Projections

# Top 10 Segments



# Quarterly Performance



## Calendar Year Quarters

| TOTAL         |        |             |        |              |
|---------------|--------|-------------|--------|--------------|
| 2022Q4        | QoQ %Δ | QoQ \$Δ     | YoY %Δ | YoY \$Δ      |
| \$115,039,237 | 4.6%   | \$5,024,540 | 11.7%  | \$45,408,801 |

| GENERAL RETAIL     |        |           |        |              |
|--------------------|--------|-----------|--------|--------------|
| 2022Q4             | QoQ %Δ | QoQ \$Δ   | YoY %Δ | YoY \$Δ      |
| \$41,186,238       | 2.2%   | \$882,609 | 8.0%   | \$10,420,401 |
| % of 2022Q4 Total: |        | 35.8%     |        |              |

| FOOD PRODUCTS |        |             |        |              |
|---------------|--------|-------------|--------|--------------|
| 2022Q4        | QoQ %Δ | QoQ \$Δ     | YoY %Δ | YoY \$Δ      |
| \$19,303,682  | 6.8%   | \$1,220,965 | 15.8%  | \$10,274,052 |
| % of Total:   |        | 16.8%       |        |              |

| TRANSPORTATION |        |             |        |              |
|----------------|--------|-------------|--------|--------------|
| 2022Q4         | QoQ %Δ | QoQ \$Δ     | YoY %Δ | YoY \$Δ      |
| \$22,072,911   | 7.9%   | \$1,611,445 | 16.4%  | \$12,503,514 |
| % of Total:    |        | 19.2%       |        |              |

| CONSTRUCTION |        |           |        |             |
|--------------|--------|-----------|--------|-------------|
| 2022Q4       | QoQ %Δ | QoQ \$Δ   | YoY %Δ | YoY \$Δ     |
| \$8,667,332  | 3.4%   | \$284,869 | 8.5%   | \$2,842,332 |
| % of Total:  |        | 7.5%      |        |             |

| BUSINESS TO BUSINESS |        |           |        |             |
|----------------------|--------|-----------|--------|-------------|
| 2022Q4               | QoQ %Δ | QoQ \$Δ   | YoY %Δ | YoY \$Δ     |
| \$18,655,634         | 4.6%   | \$825,650 | 10.8%  | \$7,090,470 |
| % of Total:          |        | 16.2%     |        |             |

QoQ = 22Q4 / 21Q4

YoY = YE 22Q4 / YE 21Q4



# Top 25 Sales Tax Generators (Alpha Order)

**7-Eleven Food Stores**

**Amazon.com**

**Amazon.com (Third Party Sellers/Wayfair)**

**Apple Stores**

**Arco AM/PM Mini Marts**

**Best Buys Stores**

**Chevron Service Stations**

**Costco Wholesale**

**CVS/Pharmacy**

**Dept. of Motors Vehicles (3<sup>rd</sup> party sales)**

**Disneyland**

**EBay**

**Fletcher Jones Motorcars**

**Ganahl Lumber Company**

**Home Depot**

**Lowe's Home Centers**

**McDonald's Restaurants**

**Nordstrom Department Store**

**Ralph's Grocery Company**

**Ross Stores**

**Shell Service Stations**

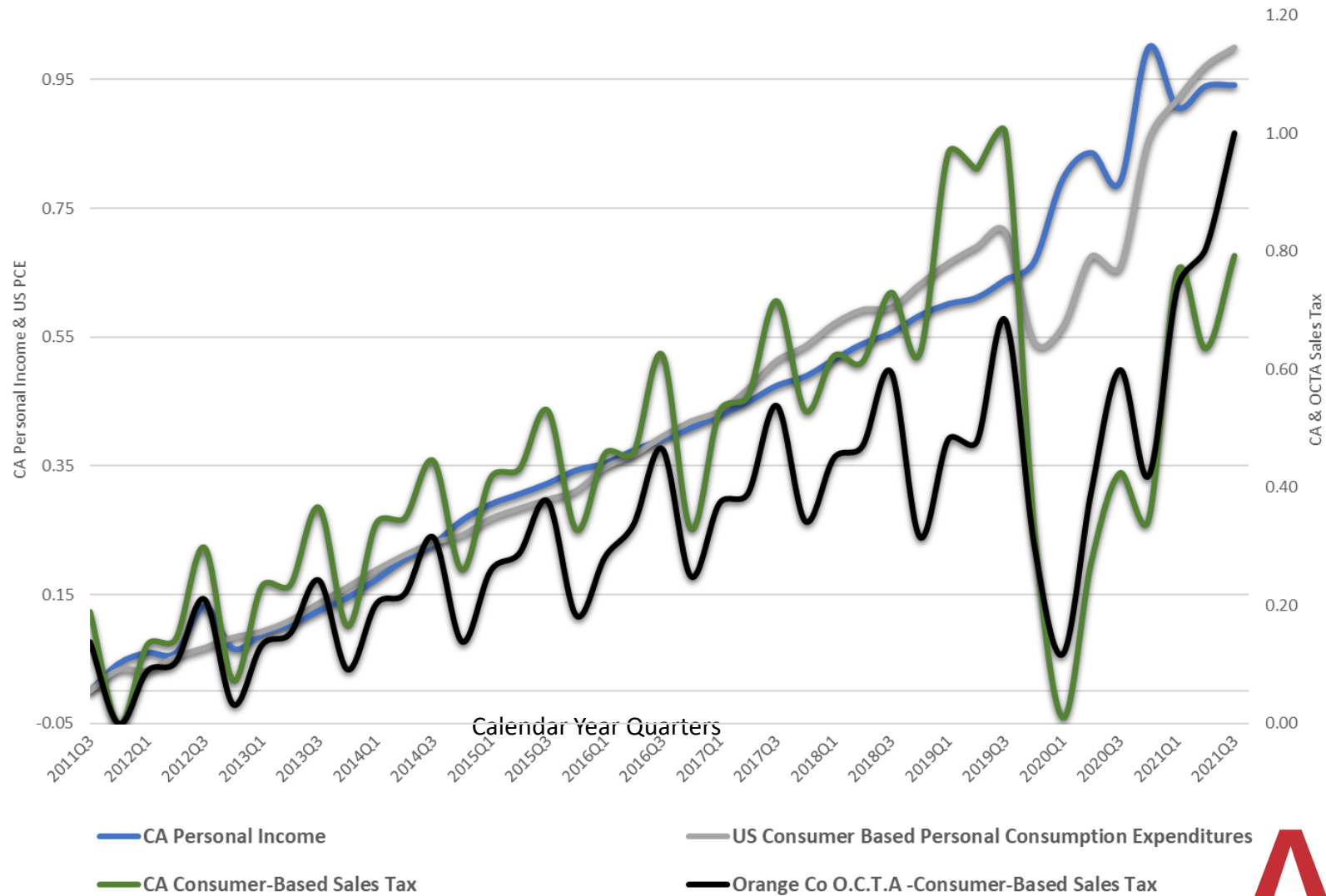
**Target Stores**

**Tesla**

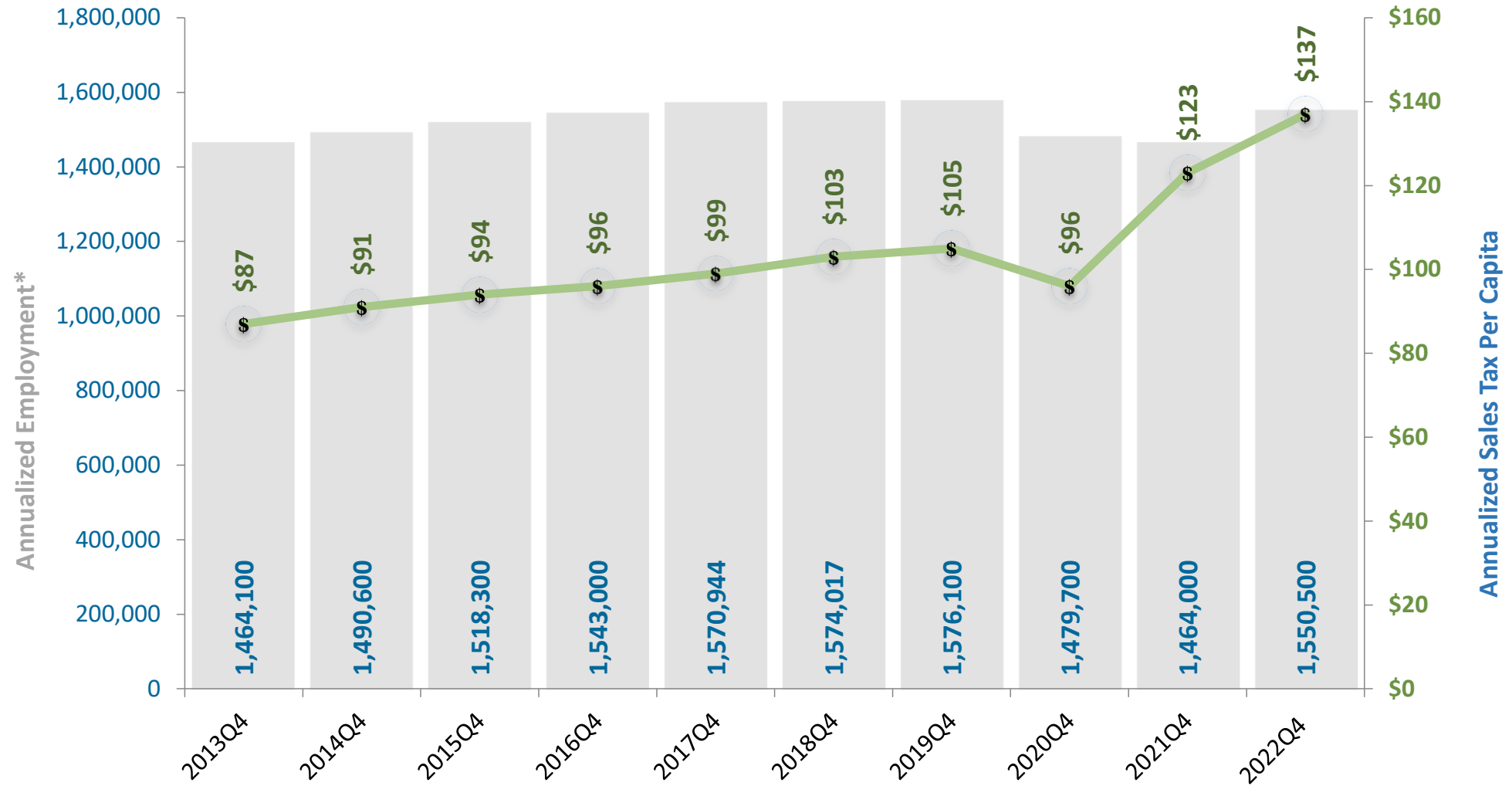
**Union 76 Service Stations**

**Walmart Stores**

# Sales Tax Revenues Compared to Income



# Employment Compared to Sales Tax Per Capita



Calendar Year Quarters

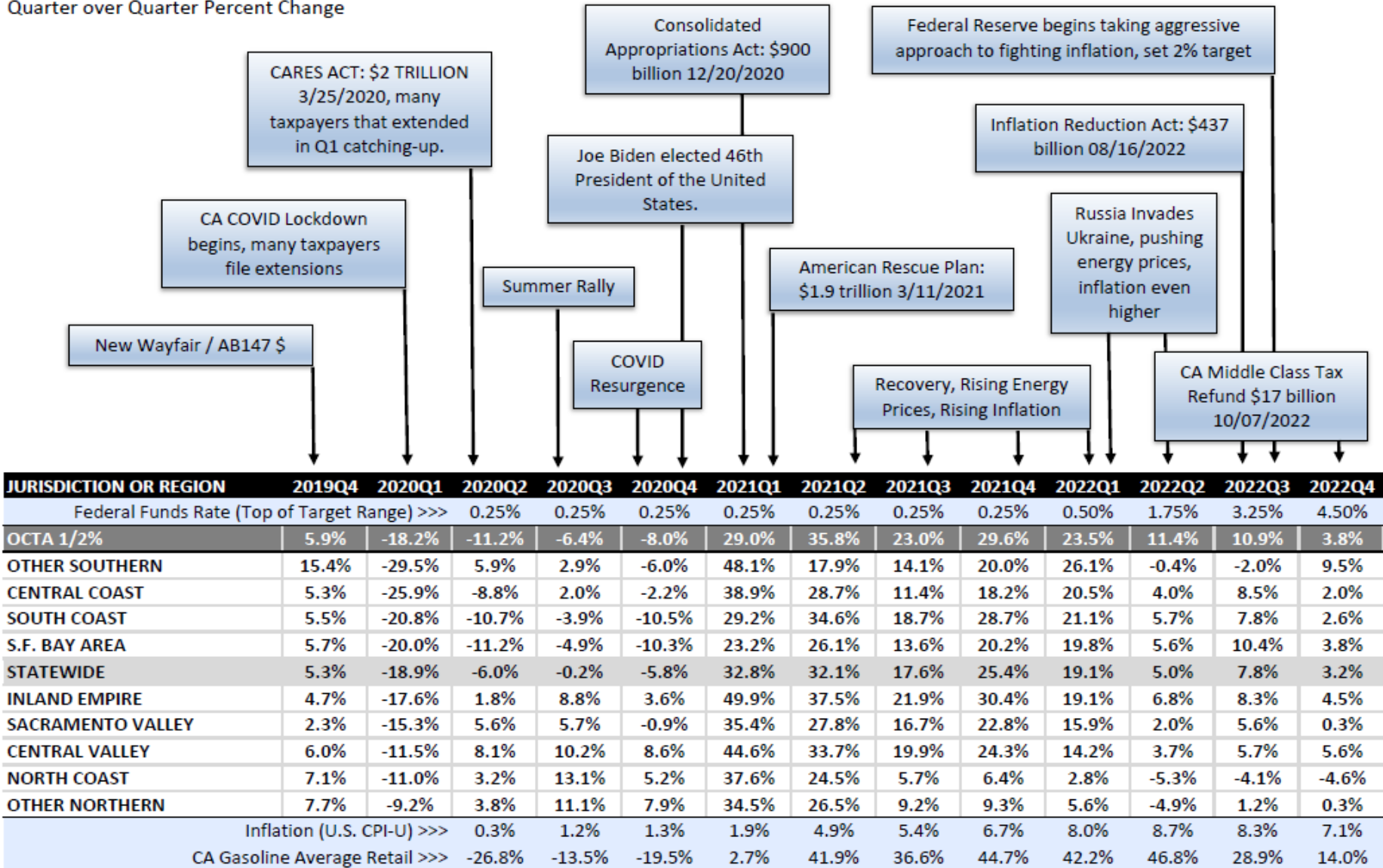
Measure M2 ½ Sales and Use Tax



# Coronavirus: COVID-19 Impacts

## California Taxable Sales

Quarter over Quarter Percent Change





# Forecast Assumptions

- Increased likelihood for recession in 2023 or 2024, but tight market makes severe downturn unlikely
- Avenu forecast assumes a 'mild' recession to start in mid-2023 and last for 3 quarters
- Federal Reserve interest rate increases along with tightened lending will help 'cool down' the economy and lower inflation.
- Inflation will moderate to ~ 3% levels by the end of 2023.
- Most supply chain issues will be resolved by the end 2023.

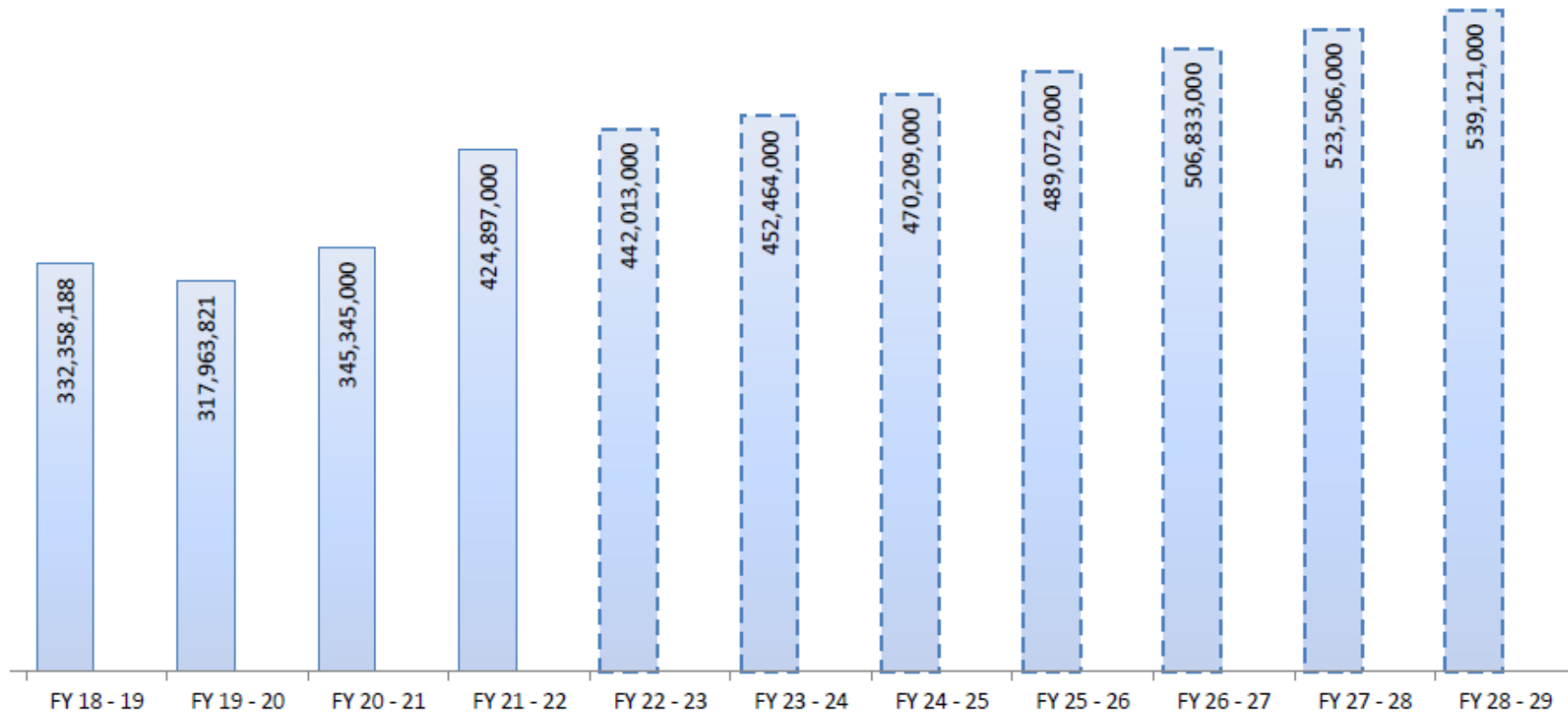
# Forecast Caveats

- Economic conditions have greater than usual levels of uncertainty. Recent banking sector volatility has added to the uncertainty.
- Greater uncertainty translates to greater potential variance for the forecast in upcoming years.
- Some of the areas of uncertainty include:
  - Does a recession loom on the horizon? How big? How long?
  - How will gas prices adjust over the next several years?
  - How long/how much will inflation impact the economy?
  - How will Fed interest rate adjustments affect economy?
  - When will we achieve 'new normal' & what will it look like?

# Measure M2 (1/2%) Forecast Projections

## Gross Cash Projection

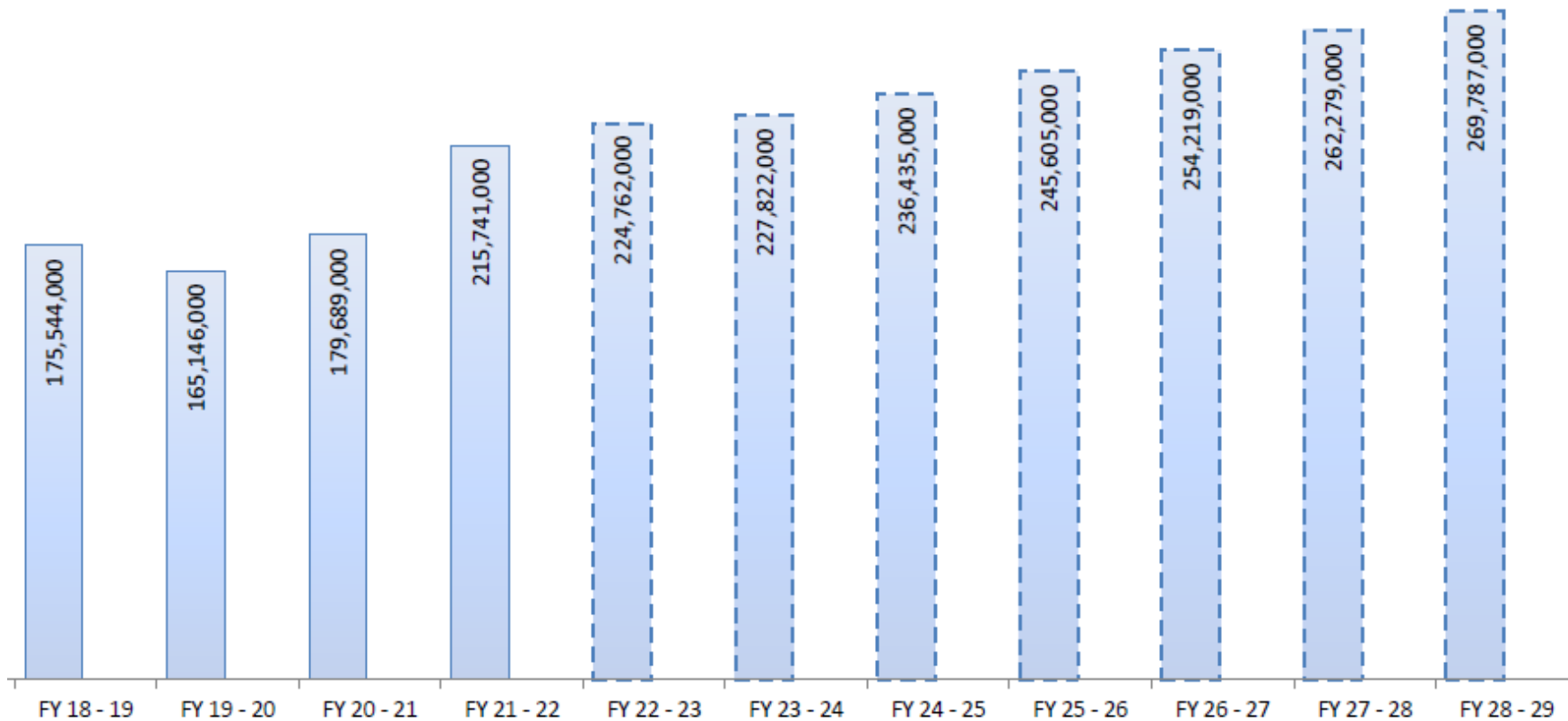
| Voter Approved  | FY 21 - 22  | FY 22 - 23  | FY 23 - 24  | FY 24 - 25  | FY 25 - 26  | FY 26 - 27  | FY 27 - 28  | FY 28 - 29  |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Cash Projection | 424,897,000 | 442,013,000 | 452,464,000 | 470,209,000 | 489,072,000 | 506,833,000 | 523,506,000 | 539,121,000 |
| Percent Change  | 23.0%       | 4.0%        | 2.4%        | 3.9%        | 4.0%        | 3.6%        | 3.3%        | 3.0%        |



# TDA (LTF) 1/4% Forecast Projection

## Gross Cash Projection

| County Transportation | FY 21 - 22  | FY 22 - 23  | FY 23 - 24  | FY 24 - 25  | FY 25 - 26  | FY 26 - 27  | FY 27 - 28  | FY 28 - 29  |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Cash Projection       | 215,741,000 | 224,762,000 | 227,822,000 | 236,435,000 | 245,605,000 | 254,219,000 | 262,279,000 | 269,787,000 |
| Percent Change        | 20.1%       | 4.2%        | 1.4%        | 3.8%        | 3.9%        | 3.5%        | 3.2%        | 2.9%        |



# QUESTIONS?