Orange County Transportation Authority

Measure M2 and TDA Forecast Review

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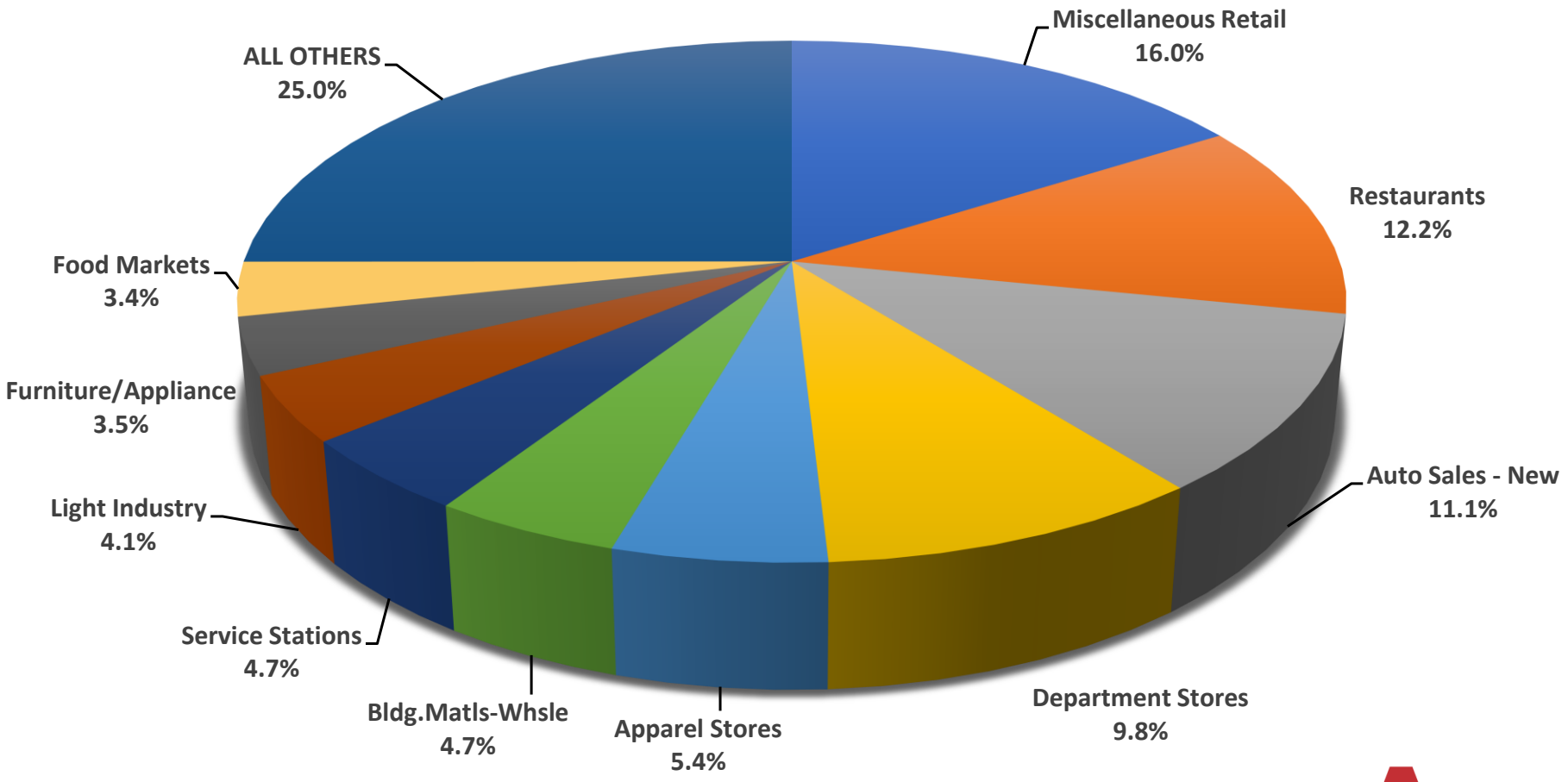
May 2023 Update

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

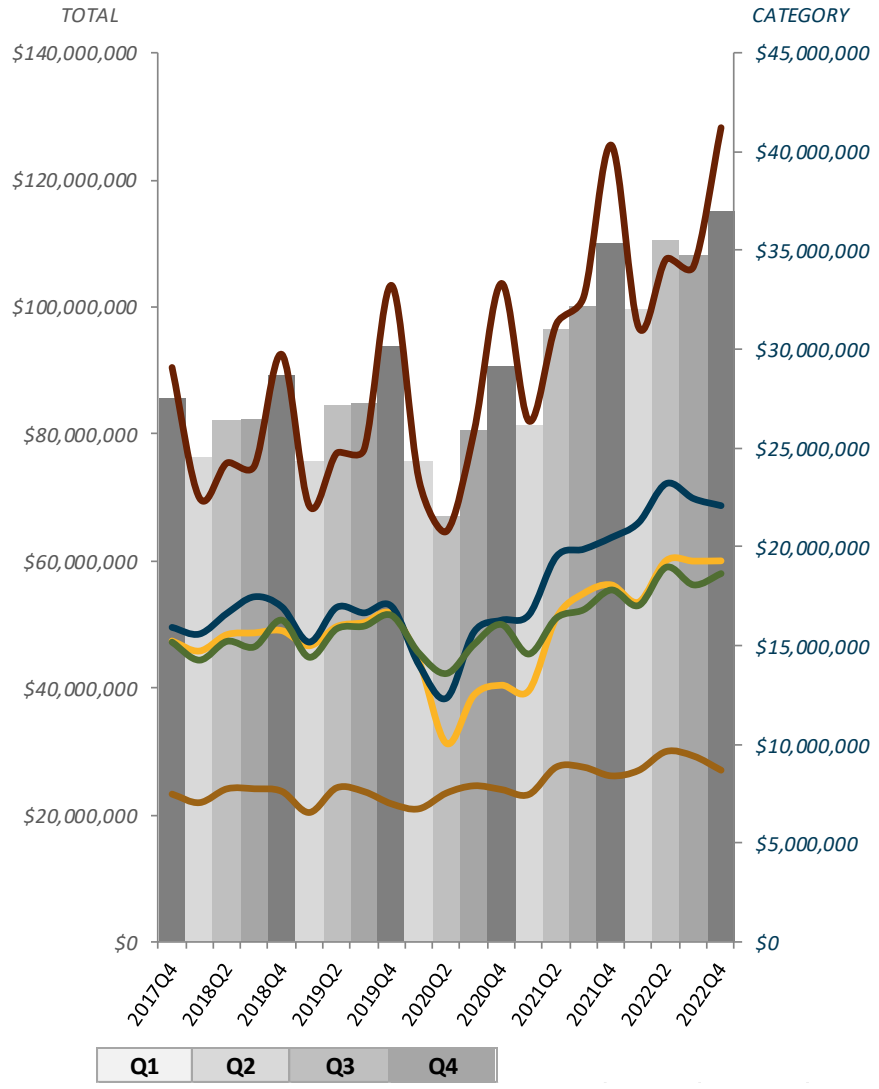
AVENU INSIGHTS & ANALYTICS

Top 10 Segments



AVENU INSIGHTS & ANALYTICS

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

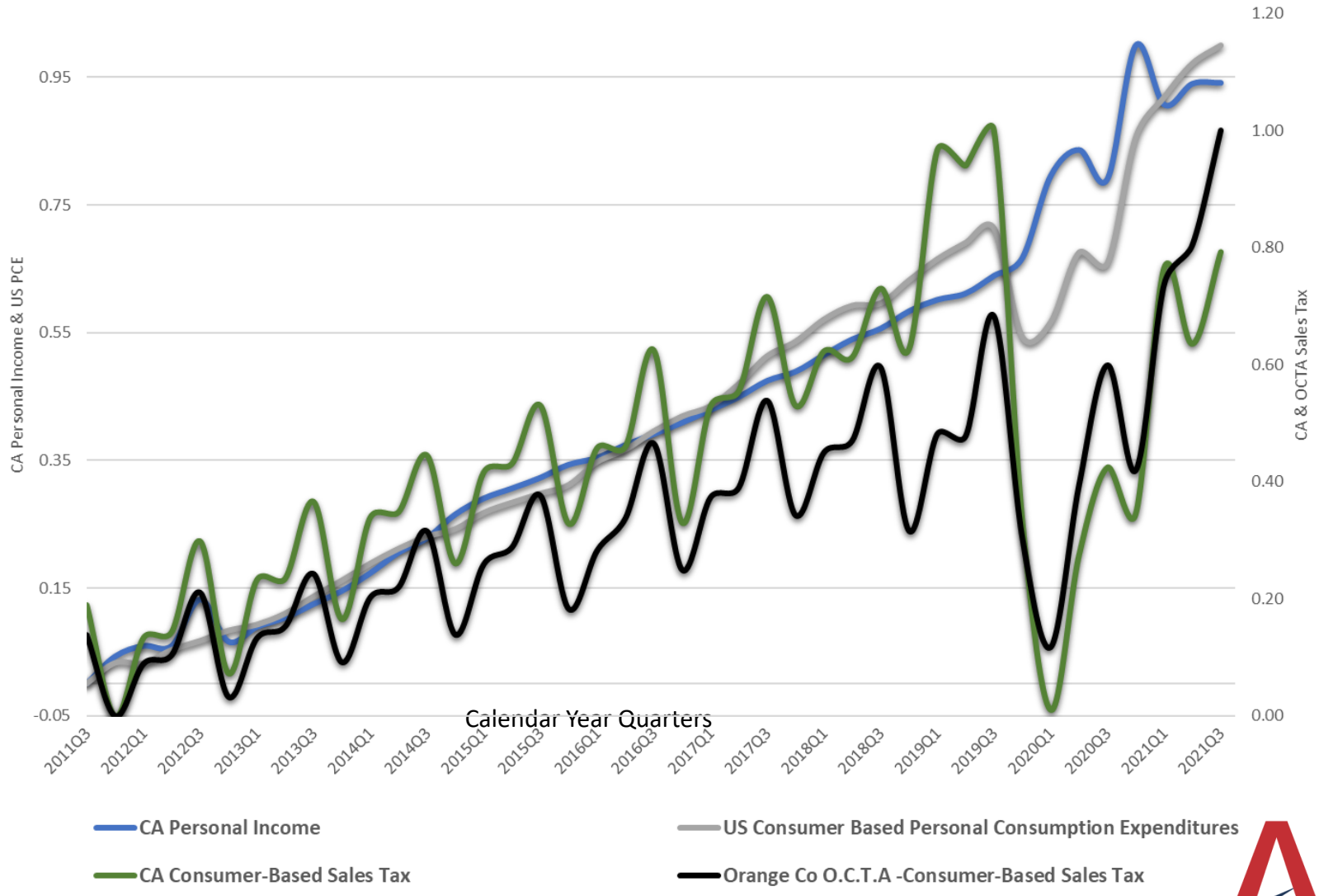
AVENU INSIGHTS & ANALYTICS

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 (3rd 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

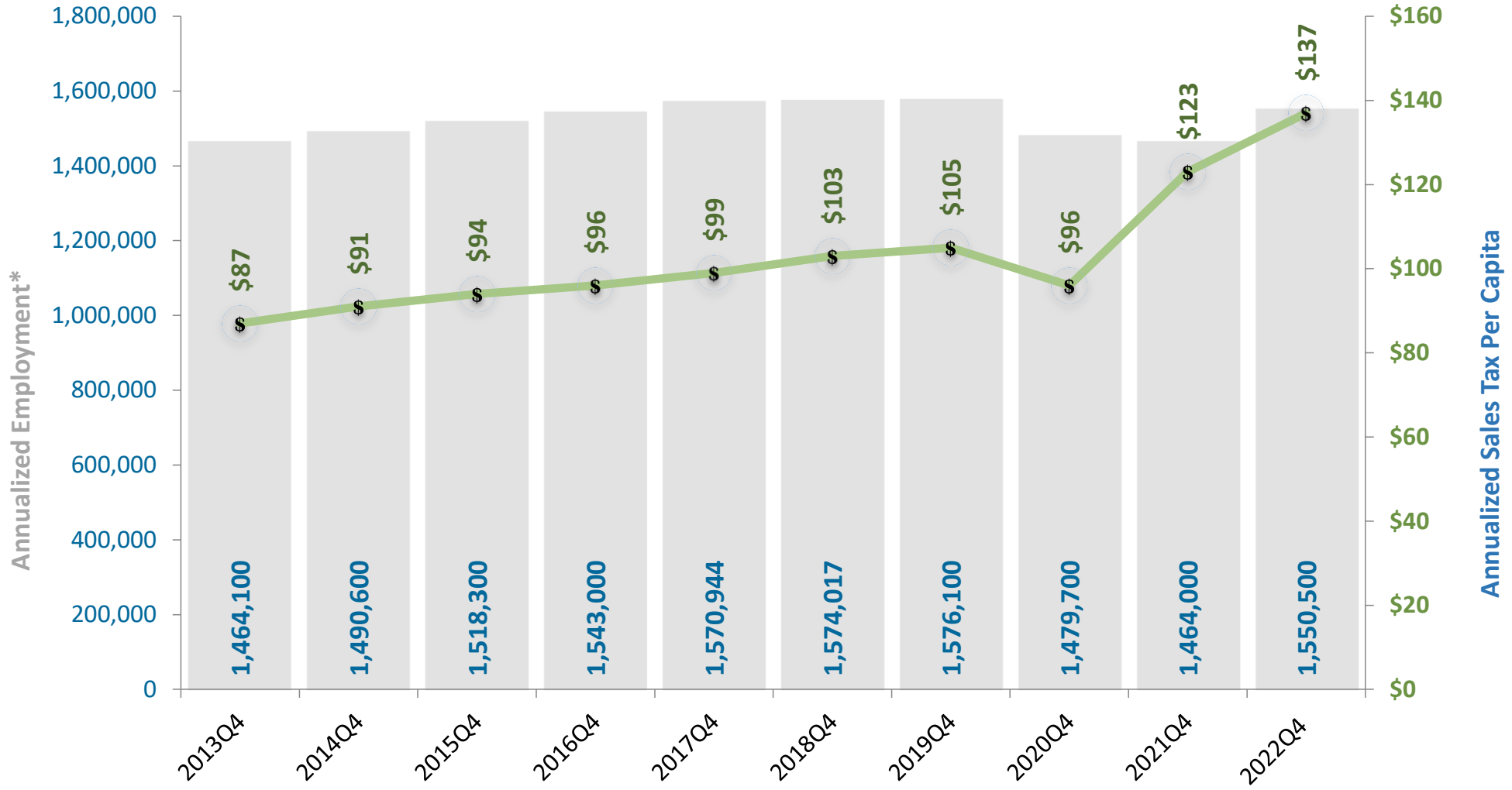
AVENU INSIGHTS & ANALYTICS

Sales Tax Revenues Compared to Income



AVENU INSIGHTS & ANALYTICS

Employment Compared to Sales Tax Per Capita



Calendar Year Quarters

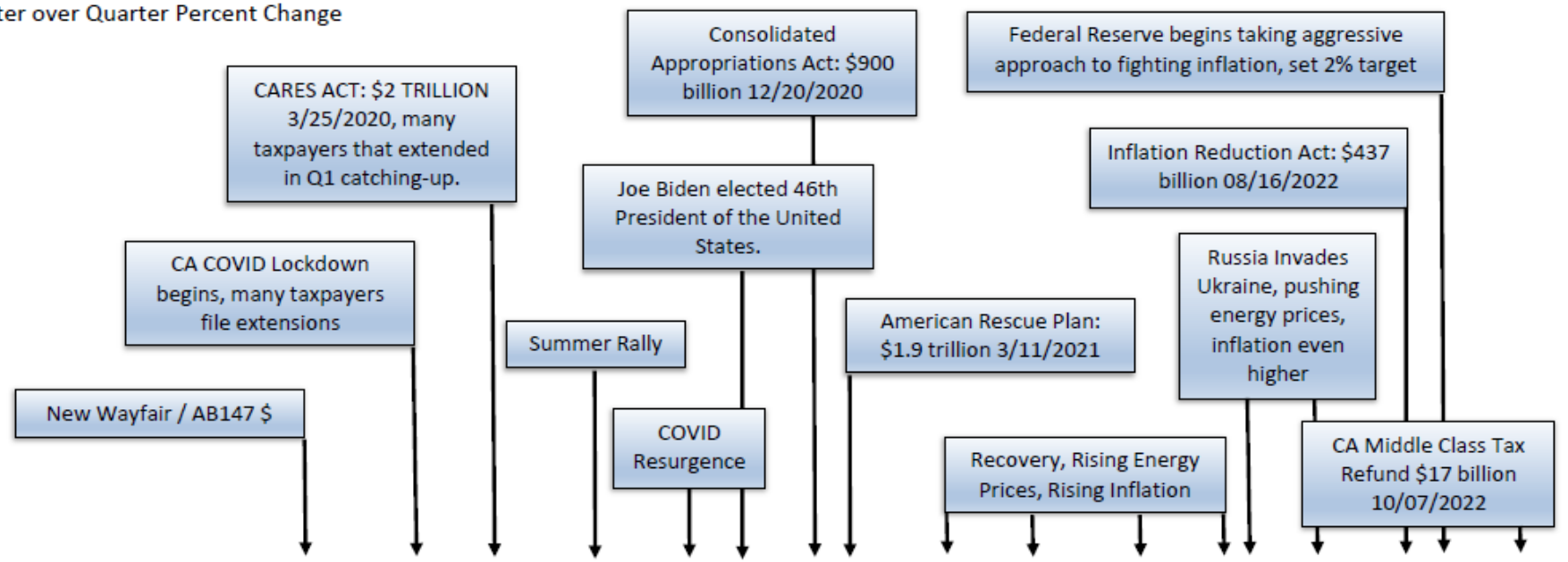
Measure M2 ½% Sales and Use Tax

AVENU INSIGHTS & ANALYTICS

Coronavirus: COVID-19 Impacts

California Taxable Sales

Quarter over Quarter Percent Change



JURISDICTION OR REGION	2019Q4	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3	2022Q4
Federal Funds Rate (Top of Target Range) >>>		0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	1.75%	3.25%	4.50%
OCTA 1/2%	5.9%	-18.2%	-11.2%	-6.4%	-8.0%	29.0%	35.8%	23.0%	29.6%	23.5%	11.4%	10.9%	3.8%
OTHER SOUTHERN	15.4%	-29.5%	5.9%	2.9%	-6.0%	48.1%	17.9%	14.1%	20.0%	26.1%	-0.4%	-2.0%	9.5%
CENTRAL COAST	5.3%	-25.9%	-8.8%	2.0%	-2.2%	38.9%	28.7%	11.4%	18.2%	20.5%	4.0%	8.5%	2.0%
SOUTH COAST	5.5%	-20.8%	-10.7%	-3.9%	-10.5%	29.2%	34.6%	18.7%	28.7%	21.1%	5.7%	7.8%	2.6%
S.F. BAY AREA	5.7%	-20.0%	-11.2%	-4.9%	-10.3%	23.2%	26.1%	13.6%	20.2%	19.8%	5.6%	10.4%	3.8%
STATEWIDE	5.3%	-18.9%	-6.0%	-0.2%	-5.8%	32.8%	32.1%	17.6%	25.4%	19.1%	5.0%	7.8%	3.2%
INLAND EMPIRE	4.7%	-17.6%	1.8%	8.8%	3.6%	49.9%	37.5%	21.9%	30.4%	19.1%	6.8%	8.3%	4.5%
SACRAMENTO VALLEY	2.3%	-15.3%	5.6%	5.7%	-0.9%	35.4%	27.8%	16.7%	22.8%	15.9%	2.0%	5.6%	0.3%
CENTRAL VALLEY	6.0%	-11.5%	8.1%	10.2%	8.6%	44.6%	33.7%	19.9%	24.3%	14.2%	3.7%	5.7%	5.6%
NORTH COAST	7.1%	-11.0%	3.2%	13.1%	5.2%	37.6%	24.5%	5.7%	6.4%	2.8%	-5.3%	-4.1%	-4.6%
OTHER NORTHERN	7.7%	-9.2%	3.8%	11.1%	7.9%	34.5%	26.5%	9.2%	9.3%	5.6%	-4.9%	1.2%	0.3%
Inflation (U.S. CPI-U) >>>		0.3%	1.2%	1.3%	1.9%	4.9%	5.4%	6.7%	8.0%	8.7%	8.3%	7.1%	
CA Gasoline Average Retail >>>		-26.8%	-13.5%	-19.5%	2.7%	41.9%	36.6%	44.7%	42.2%	46.8%	28.9%	14.0%	

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.

AVENU INSIGHTS & ANALYTICS

Forecast Caveats

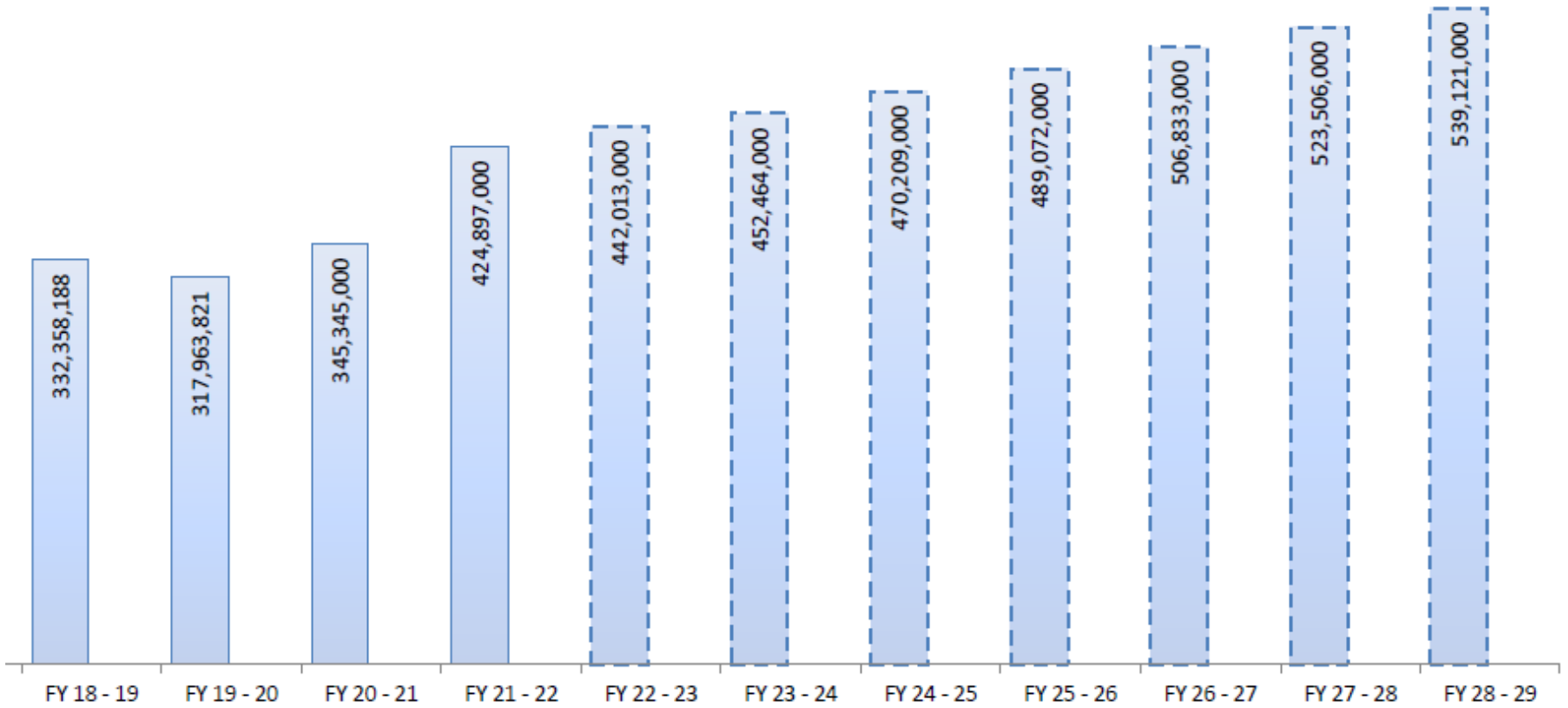
- Economic conditions have greater than usual levels of uncertainty. Recent banking sector volatility has added to the uncertainty.
- Greater uncertainty translates to greater potential variance for the forecast in upcoming years.
- Some of the areas of uncertainty include:
  - Does a recession loom 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?

AVENU INSIGHTS & ANALYTICS

Measure M2 (½%) Forecast Projections

Gross Cash Projection

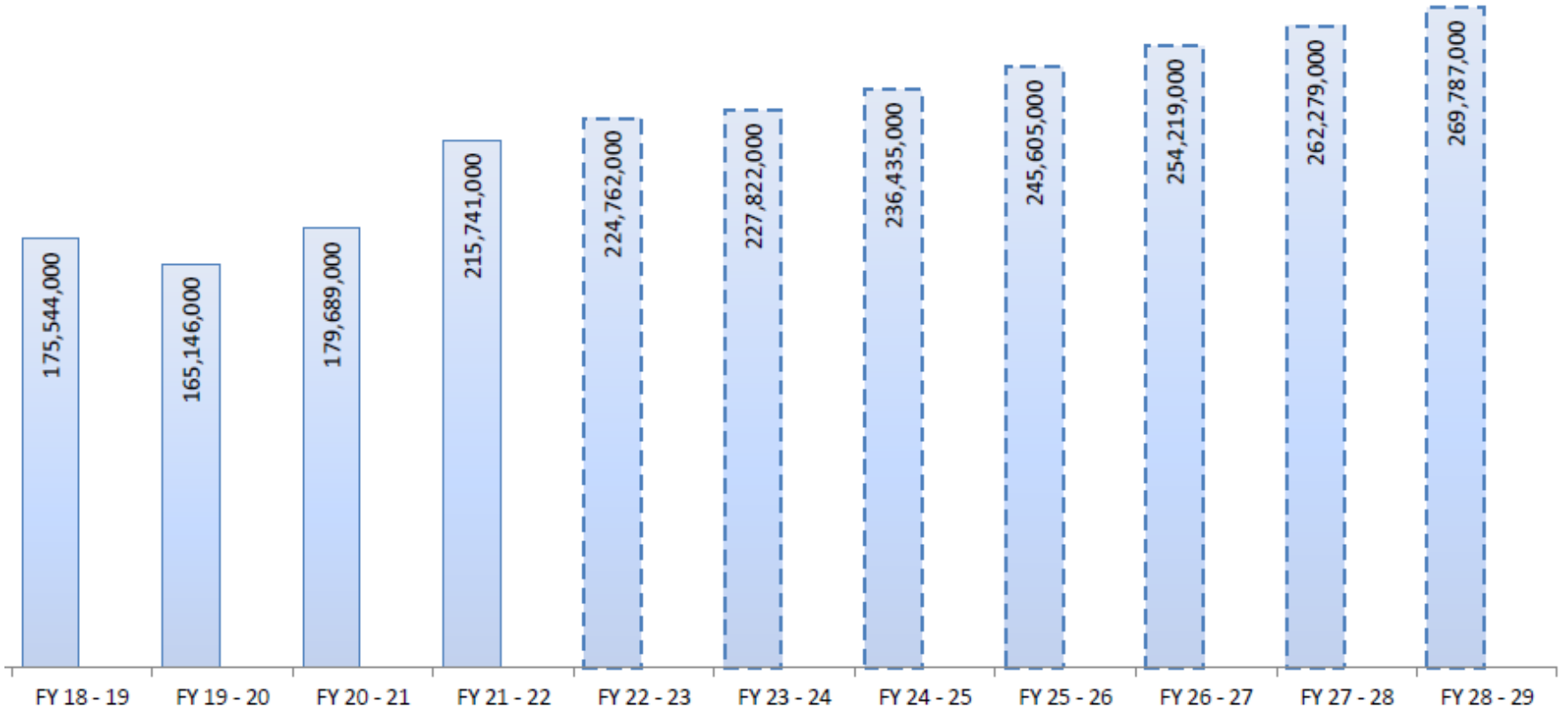
Voter Approved	FY 21 - 22	FY 22 - 23	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29
Cash Projection	424,897,000	442,013,000	452,464,000	470,209,000	489,072,000	506,833,000	523,506,000	539,121,000
Percent Change	23.0%	4.0%	2.4%	3.9%	4.0%	3.6%	3.3%	3.0%



TDA (LTF) ¼% 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?

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