



# Orange County Transportation Authority

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

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Director of Sales and Use Tax Audit

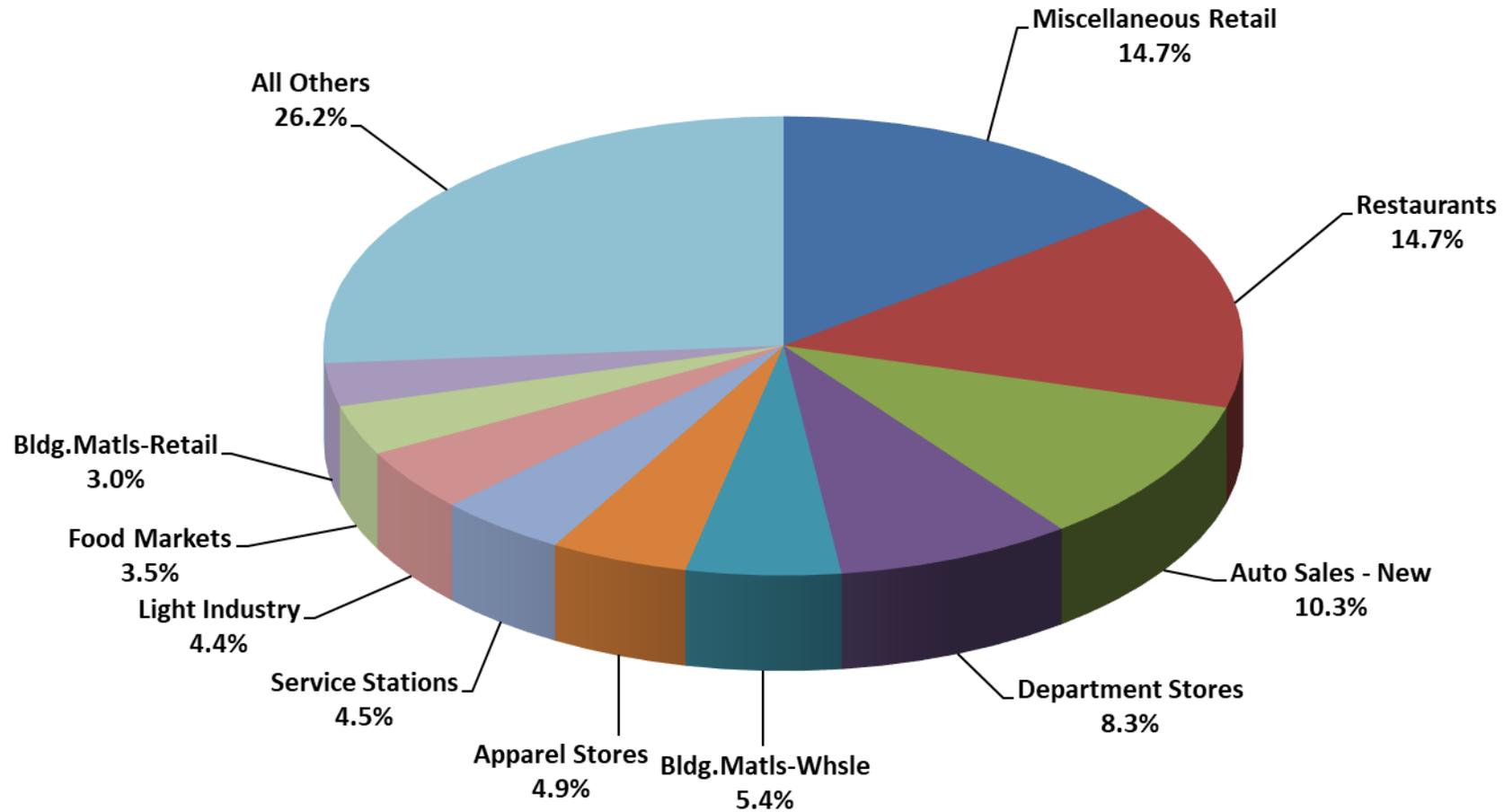
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May 2025 Update

# Agenda

- Top Segments, Quarterly Performance, & Top 25 Businesses
- Employment Compared to Sales Tax per Capita
- Ten Year Growth Rates & Historic Population Growth
- Recent Economic Issues and Sales Tax Trends
- Focus on Pandemic, Recovery, and Inflation
- Forecast Assumptions and Caveats
- Sales Tax Revenue Projections for M2 and TDA

# Top 10 Segments

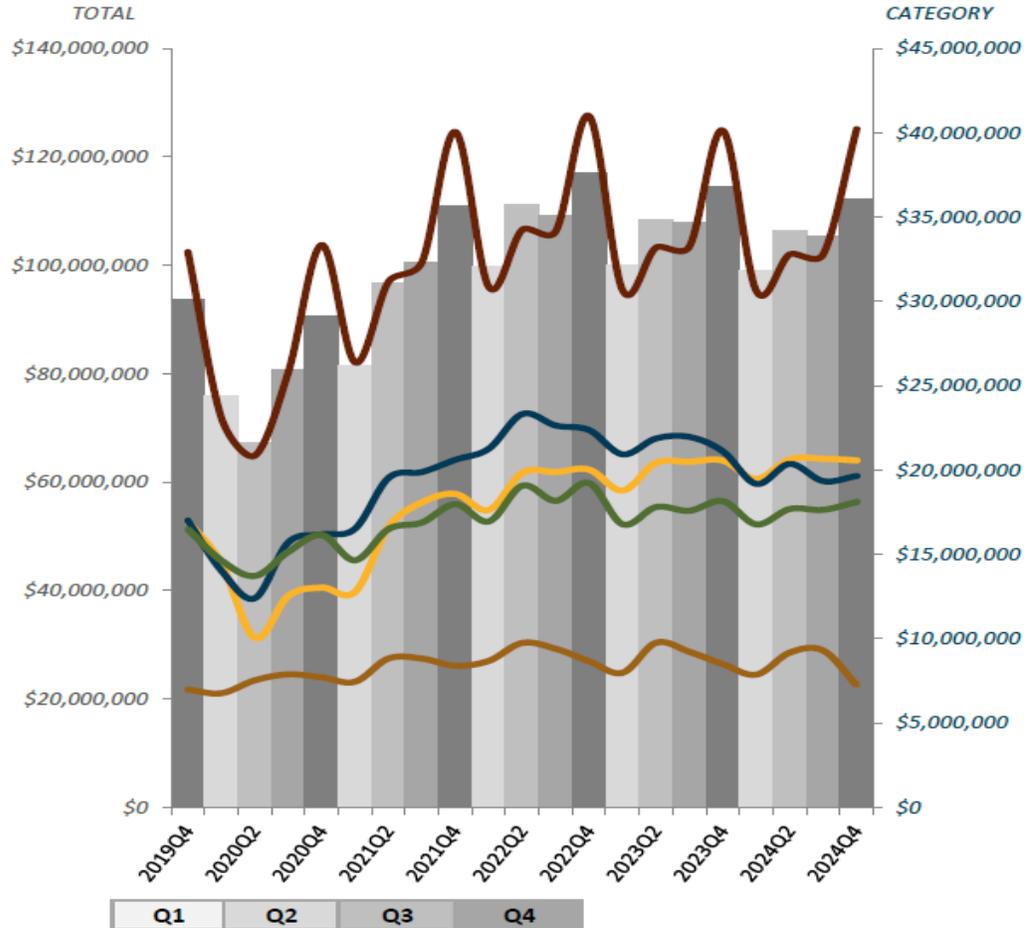


# Quarterly Performance

## TOTAL

Confidential

Economic



### TOTAL Calendar Year Quarters

2024Q4	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$112,253,837	-2.0%	-\$2,345,181	-1.8%	-\$7,711,653

### GENERAL RETAIL

2024Q4	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$40,222,057	0.2%	\$87,417	-0.6%	-\$809,968
% of 2024Q4 Total:		35.8%		

### FOOD PRODUCTS

2024Q4	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$20,577,034	0.1%	\$11,647	1.4%	\$1,098,576
% of Total:		18.3%		

### TRANSPORTATION

2024Q4	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$19,651,886	-6.9%	-\$1,457,397	-8.5%	-\$7,335,375
% of Total:		17.5%		

### CONSTRUCTION

2024Q4	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$7,253,989	-14.6%	-\$1,237,647	-5.2%	-\$1,857,775
% of Total:		6.5%		

### BUSINESS TO BUSINESS

2024Q4	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$18,112,777	-0.2%	-\$42,509	-0.2%	-\$109,743
% of Total:		16.1%		

QoQ = 24Q4 / 23Q4

YoY = YE 24Q4 / YE 23Q4

# Top 25 Sales Tax Generators (generate 25% of sales tax)

**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**

**Ganahl Lumber Company**

**Home Depot**

**In and Out Burgers**

**McDonald's Restaurants**

**Nordstrom Department Store**

**Ralph's Grocery Company**

**Ross Stores**

**Shell Service Stations**

**Target Stores**

**Tesla**

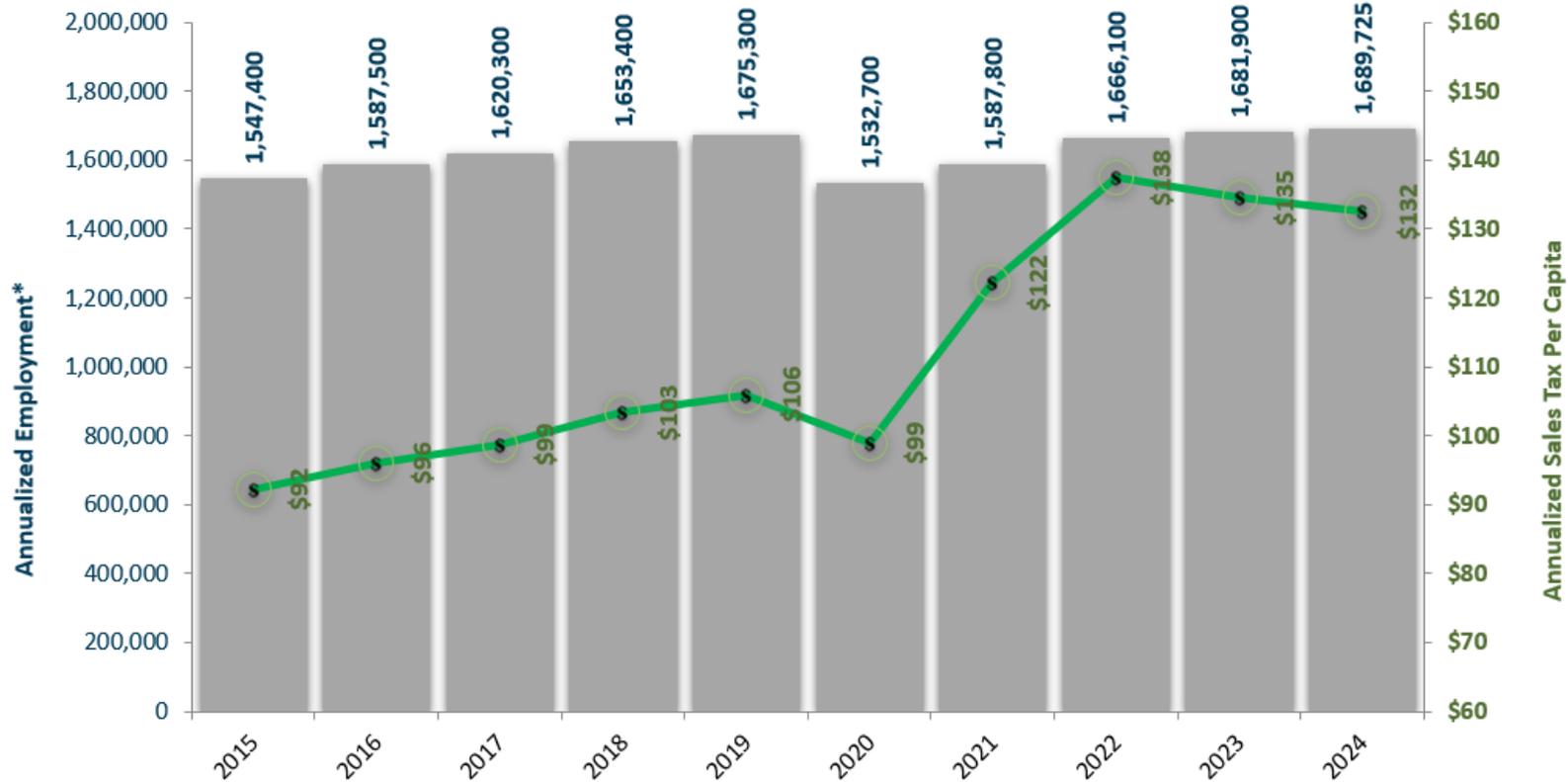
**Uber Eats**

**Union 76 Service Stations**

**Walmart Stores**

# Employment Compared to Sales Tax Per Capita

Estimated Annualized Employment and Gross Sales Tax Per Capita by Benchmark Year



Correlation Coefficient: **0.73**

Calendar Years

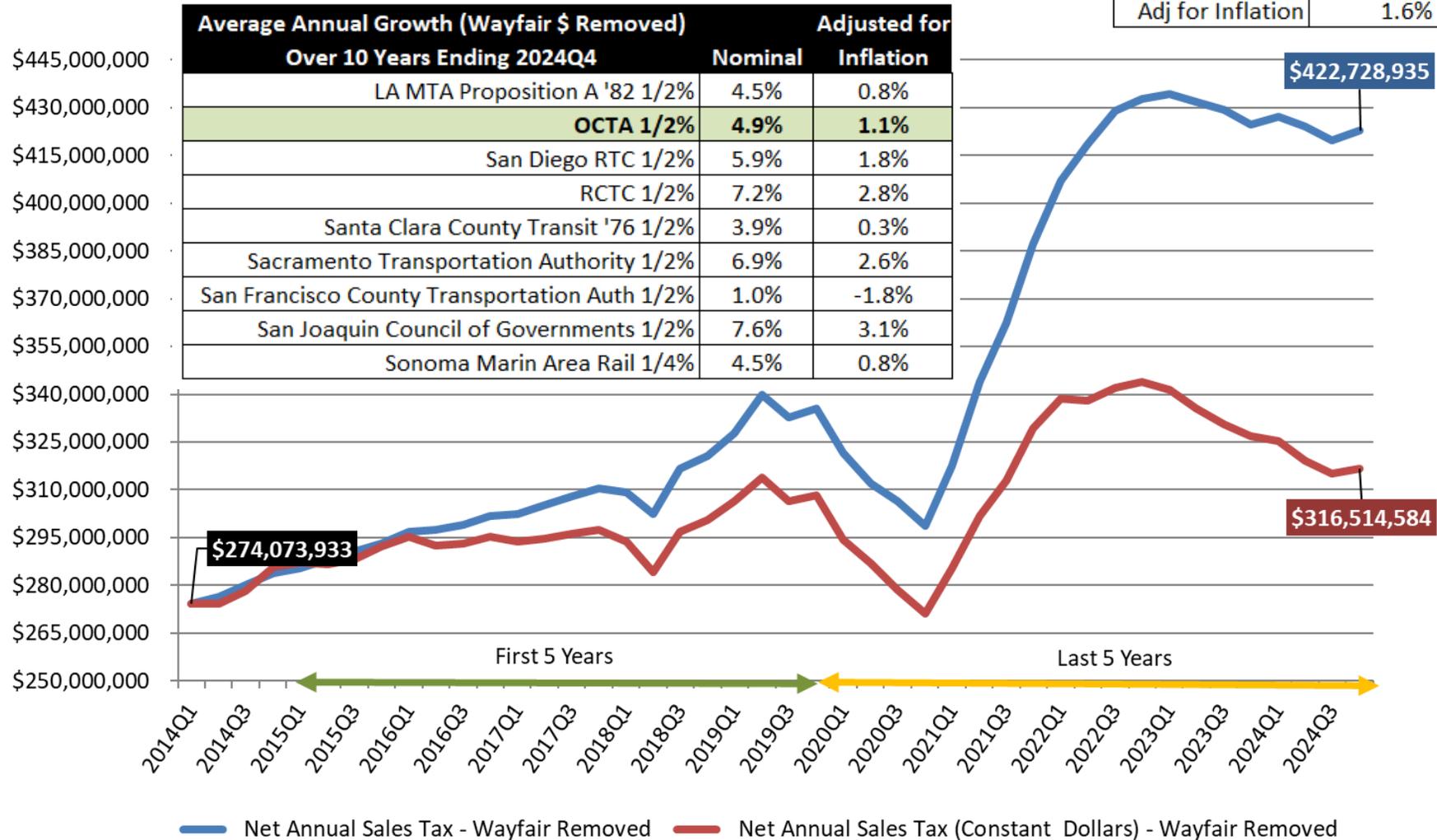
Measure M2 ½ Sales and Use Tax



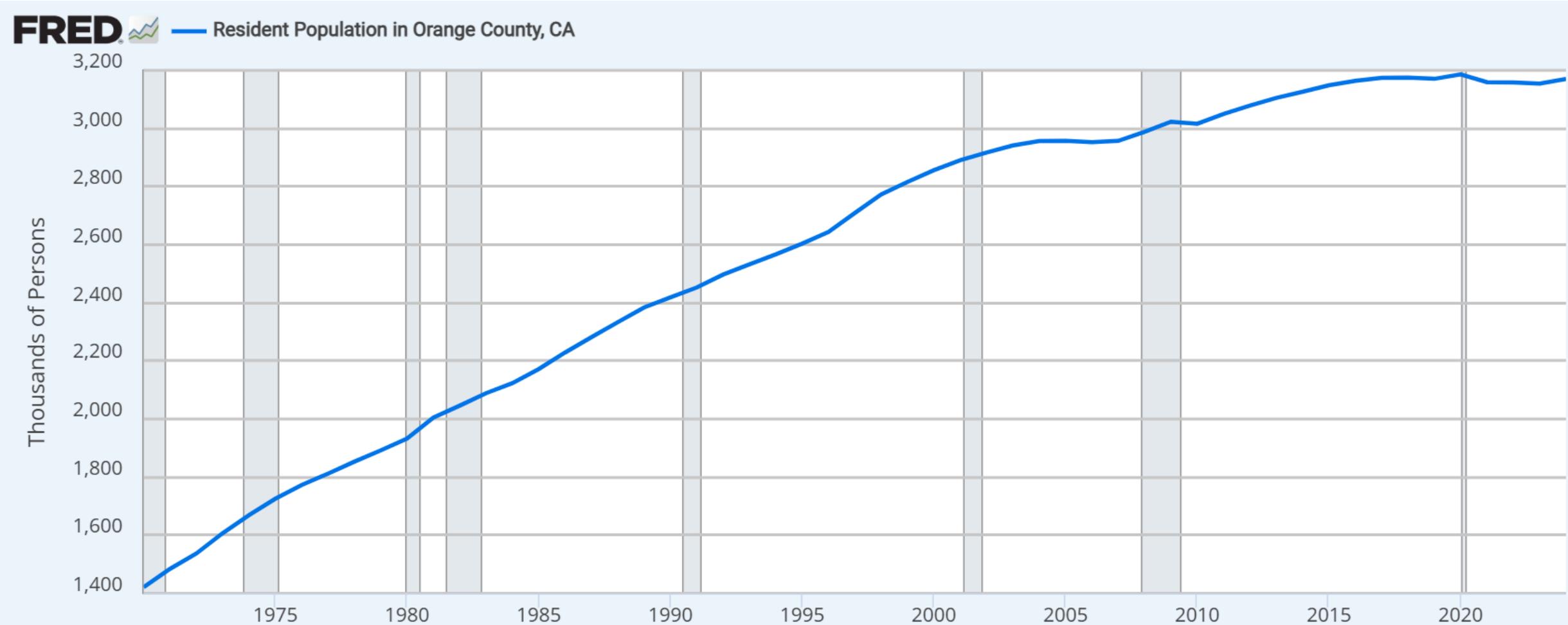
# Ten Year Historic Growth Rates

**NET ANNUAL SALES TAX FOR O.C.T.A. 1/2%**  
Adjusted for Inflation (Wayfair \$ Removed)

OCTA Average Annual Growth (Wayfair \$ Removed)		
	First 5 Years	Last 5 Years
Nominal	3.6%	5.2%
Adj for Inflation	1.6%	0.5%



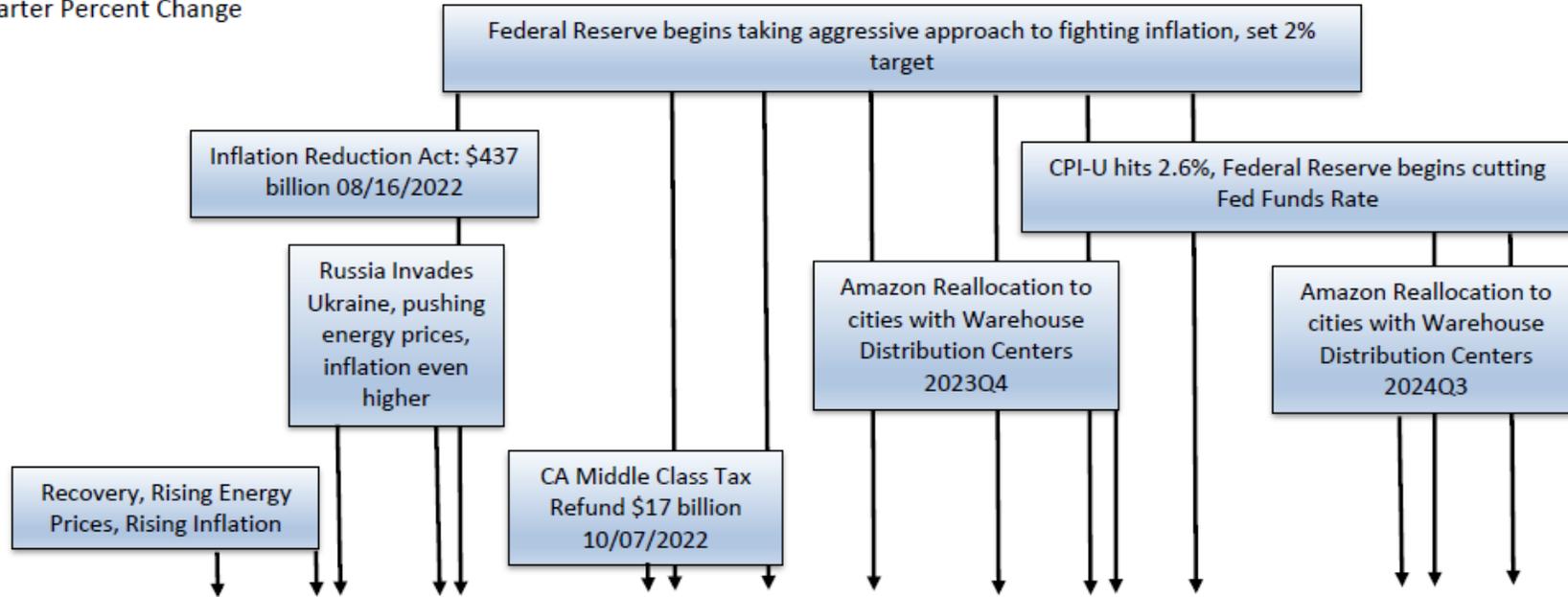
# Historic Population Growth Rates



# Recent Economic Issues & Trends

## California Taxable Sales

Quarter over Quarter Percent Change



JURISDICTION OR REGION	2021Q4	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4
Federal Funds Rate (Top of Target Range) >>>		0.50%	1.75%	3.25%	4.50%	5.00%	5.25%	5.50%	5.50%	5.50%	5.50%	5.00%	4.50%
OCTA 1/2%	29.6%	23.5%	11.4%	10.9%	3.8%	1.2%	-2.0%	-2.0%	-3.4%	1.5%	-2.9%	-3.8%	3.3%
OTHER SOUTHERN	20.0%	26.1%	-0.4%	-2.0%	9.5%	-4.7%	12.2%	28.7%	10.3%	21.2%	1.9%	-12.1%	-7.5%
CENTRAL COAST	18.2%	20.5%	4.0%	8.5%	2.0%	-4.1%	0.1%	-1.5%	-2.6%	3.2%	-3.0%	-4.9%	4.7%
SOUTH COAST	28.7%	21.1%	5.7%	7.8%	2.6%	0.7%	-0.7%	-2.0%	-4.7%	1.6%	-1.0%	-4.8%	4.3%
S.F. BAY AREA	20.2%	19.8%	5.6%	10.4%	3.8%	1.8%	-0.1%	-4.1%	-7.1%	-1.6%	-5.5%	-7.4%	5.2%
STATEWIDE	25.4%	19.1%	5.0%	7.8%	3.2%	-0.4%	-1.1%	-1.9%	-2.7%	0.8%	-1.7%	-4.2%	2.2%
INLAND EMPIRE	30.4%	19.1%	6.8%	8.3%	4.5%	-1.4%	-2.8%	-2.6%	4.1%	-0.2%	-0.4%	-1.6%	-3.3%
SACRAMENTO VALLEY	22.8%	15.9%	2.0%	5.6%	0.3%	-4.1%	-2.1%	-1.3%	-1.7%	0.8%	1.2%	-3.5%	3.0%
CENTRAL VALLEY	24.3%	14.2%	3.7%	5.7%	5.6%	-3.3%	-2.0%	1.6%	4.7%	2.5%	-0.8%	2.0%	-4.4%
NORTH COAST	6.4%	2.8%	-5.3%	-4.1%	-4.6%	-6.5%	-4.7%	-0.6%	0.4%	2.0%	-0.8%	-6.9%	1.4%
OTHER NORTHERN	9.3%	5.6%	-4.9%	1.2%	0.3%	-3.1%	-2.8%	2.6%	-6.6%	0.7%	2.3%	-9.2%	5.6%
Inflation (U.S. CPI-U) >>>		8.0%	8.6%	8.3%	7.1%	6.4%	4.0%	3.5%	3.3%	3.2%	2.6%	2.7%	
CA Gasoline Average Retail >>>		47.7%	29.3%	14.0%	-8.1%	-20.4%	-7.1%	-3.2%	0.6%	8.3%	-10.1%	-3.7%	

# Pre-Pandemic, Pandemic, Recovery, Inflation, Recent Years

	Pre-Pandemic	Pandemic	Recovery	Inflation	Post Inflation	Current
	YE 2019Q4	YE 2020Q4	YE 2021Q4	YE 2022Q4	YE 2023Q4	YE 2024Q4
<b>Total Receipts</b>	<b>\$337,941,252</b>	<b>\$302,329,646</b>	<b>\$391,040,015</b>	<b>\$437,094,054</b>	<b>\$429,417,380</b>	<b>\$427,776,391</b>
<b>General Retail</b>	<b>\$103,927,548</b>	<b>\$103,105,131</b>	<b>\$129,946,187</b>	<b>\$140,254,766</b>	<b>\$137,257,607</b>	<b>\$136,447,640</b>
<b>Food Products</b>	<b>\$65,021,097</b>	<b>\$50,087,016</b>	<b>\$66,066,241</b>	<b>\$77,380,889</b>	<b>\$80,272,187</b>	<b>\$81,370,762</b>
Restaurants	48,077,360	33,279,783	47,433,700	57,059,781	60,162,134	<b>61,241,957</b>
<b>Transportation</b>	<b>\$65,875,266</b>	<b>\$58,337,421</b>	<b>\$76,559,167</b>	<b>\$89,607,661</b>	<b>\$85,882,651</b>	<b>\$78,348,439</b>
Auto Sales - New	32,245,490	31,399,820	41,607,643	<b>48,930,510</b>	48,235,072	43,135,774
Service Stations	19,464,618	13,187,948	18,691,876	<b>23,231,350</b>	20,385,957	18,901,873
<b>Construction</b>	<b>\$28,923,422</b>	<b>\$29,897,911</b>	<b>\$33,500,868</b>	<b>\$36,502,293</b>	<b>\$35,457,728</b>	<b>\$33,599,953</b>
<b>Business To Business</b>	<b>\$62,908,594</b>	<b>\$59,661,447</b>	<b>\$66,028,135</b>	<b>\$73,439,462</b>	<b>\$70,338,520</b>	<b>\$70,228,777</b>
<b>Miscellaneous</b>	<b>\$11,872,630</b>	<b>\$11,756,362</b>	<b>\$14,331,700</b>	<b>\$15,969,409</b>	<b>\$16,384,927</b>	<b>\$15,666,197</b>

# Forecast Assumptions

- Increased likelihood for recession/slowdown in 2025 (from previous forecast).
- Significant pandemic disruptions such as supply chain issues and significant inflation (which had been receding) are again potential issues with an uncertain tariff program.
- Avenu forecast is 'conservative' and assumes a flat 2025 and start of slow growth in 2026.
- Federal Reserve interest rates likely to remain 'higher for longer' but not projected to increase.
- Inflation likely to increase in 2025, but it will be temporary and come back down in 2026

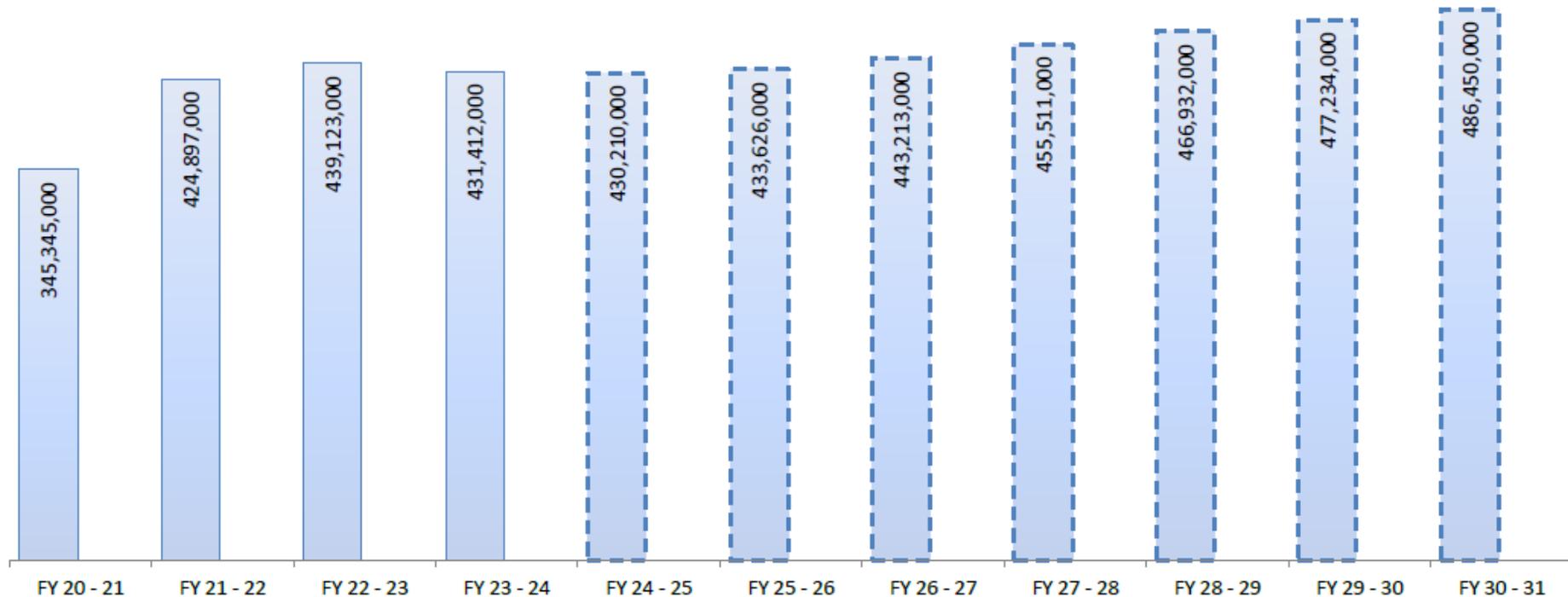
# Forecast Caveats

- Economic conditions continue to have greater than usual levels of uncertainty. Greater uncertainty translates to greater potential variance for the forecast in upcoming years.
- Some of the areas of uncertainty include:
  - What will be the impact of tariffs on consumer behavior?
  - How long will 'trade war' impact economy? What overall impact?
  - How long/how much will inflation impact the economy?
  - How will Fed interest rate adjustments and timing affect economy?
  - How will gas prices adjust over the next several years?
  - How likely is a recession? What trigger? How big? How long?
  - What will be timing & strength of recovery?

# Measure M2 (1/2%) Forecast Projections

## Gross Cash Projection

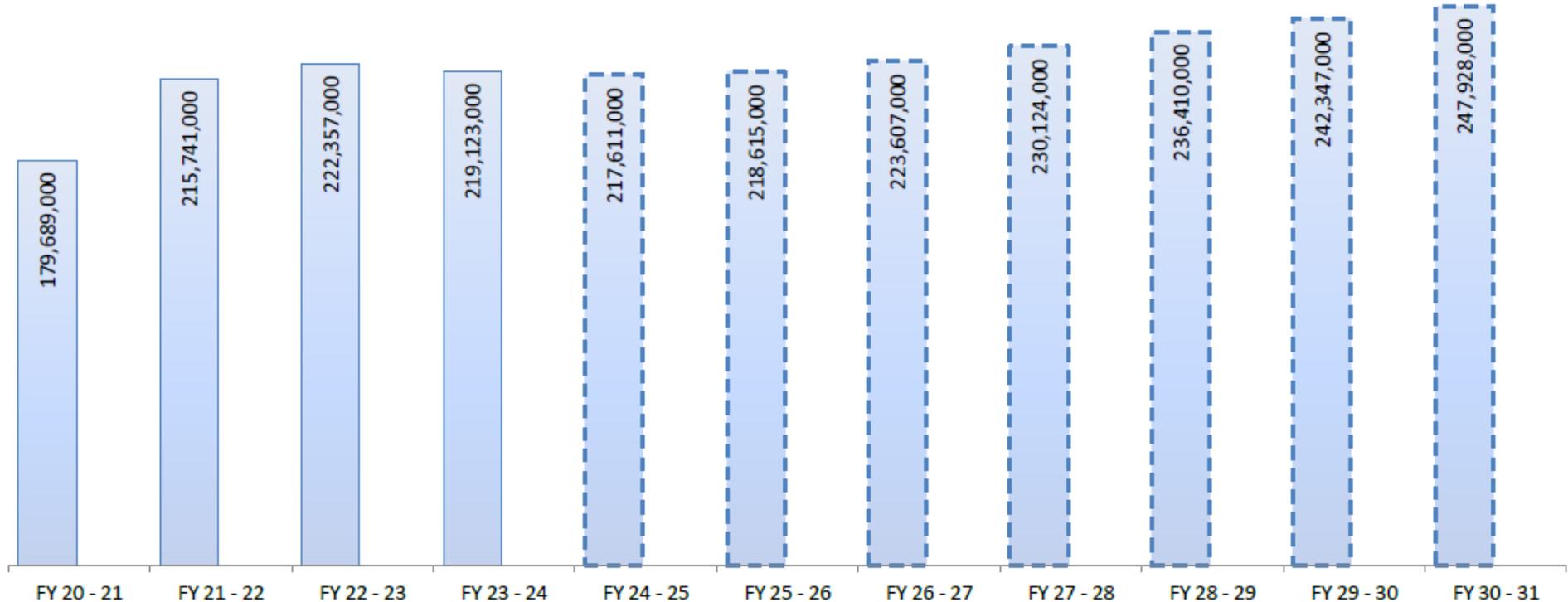
Voter Approved	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29	FY 29 - 30	FY 30 - 31
Cash Projection	431,412,000	430,210,000	433,626,000	443,213,000	455,511,000	466,932,000	477,234,000	486,450,000
Percent Change	-1.8%	-0.3%	0.8%	2.2%	2.8%	2.5%	2.2%	1.9%



# TDA (LTF) 1/4% Forecast Projection

## Gross Cash Projection

County Transportation	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29	FY 29 - 30	FY 30 - 31
Cash Projection	219,123,000	217,611,000	218,615,000	223,607,000	230,124,000	236,410,000	242,347,000	247,928,000
Percent Change	-1.5%	-0.7%	0.5%	2.3%	2.9%	2.7%	2.5%	2.3%



# QUESTIONS?