

Orange County Transportation Authority

Measure M2 and TDA Forecast Review

Tom Adams

Director of Sales and Use Tax Audit

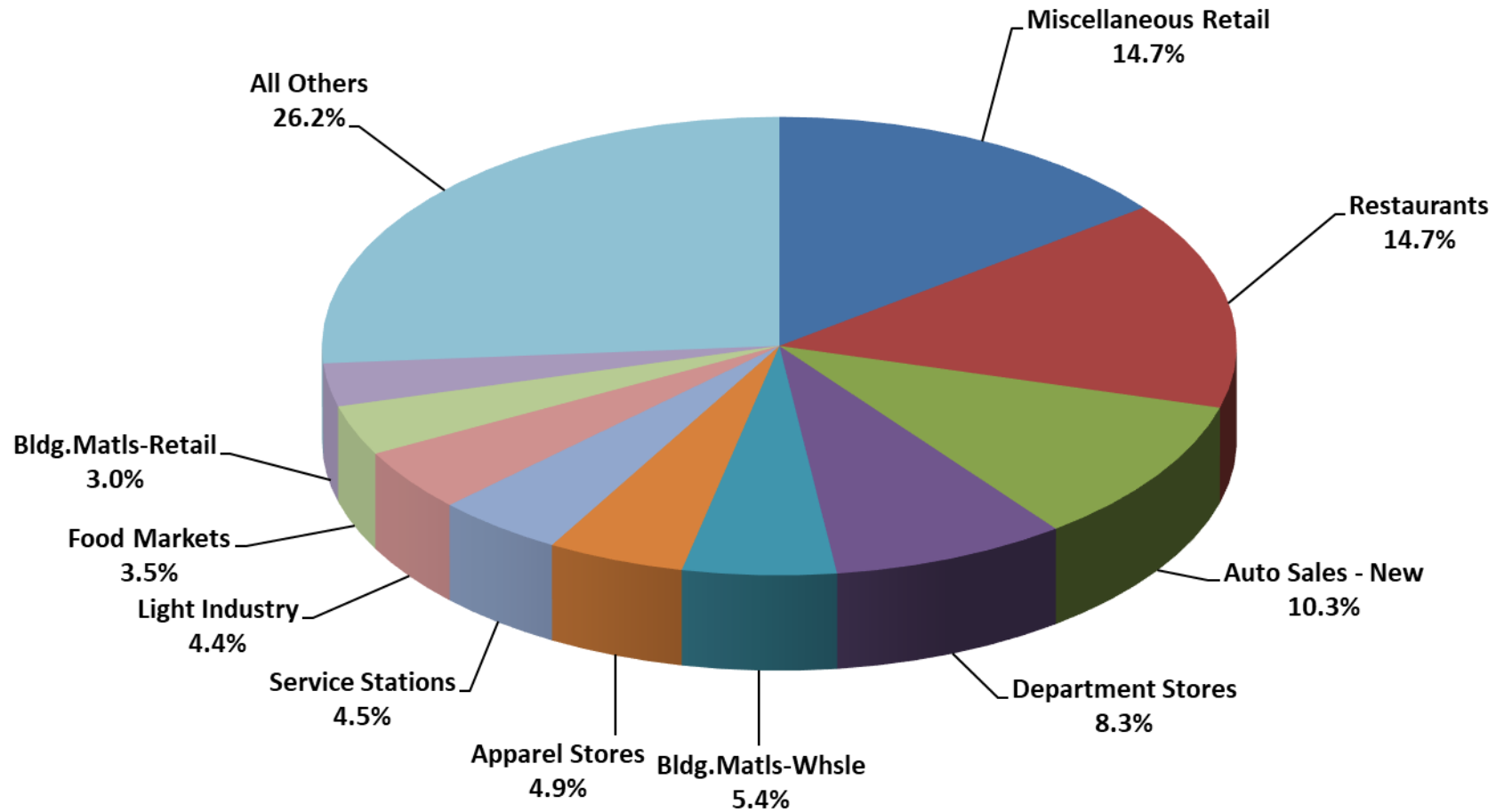
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May 2025 Update

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

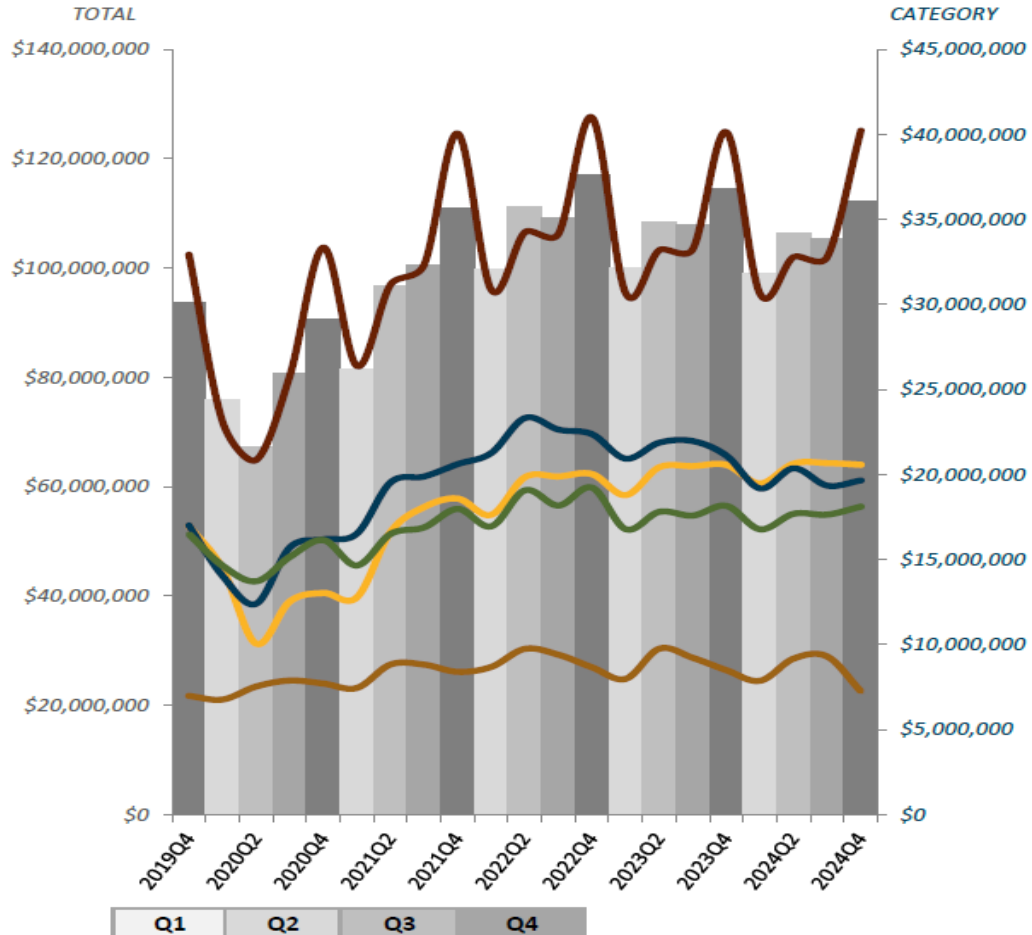


Quarterly Performance

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 (3rd 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

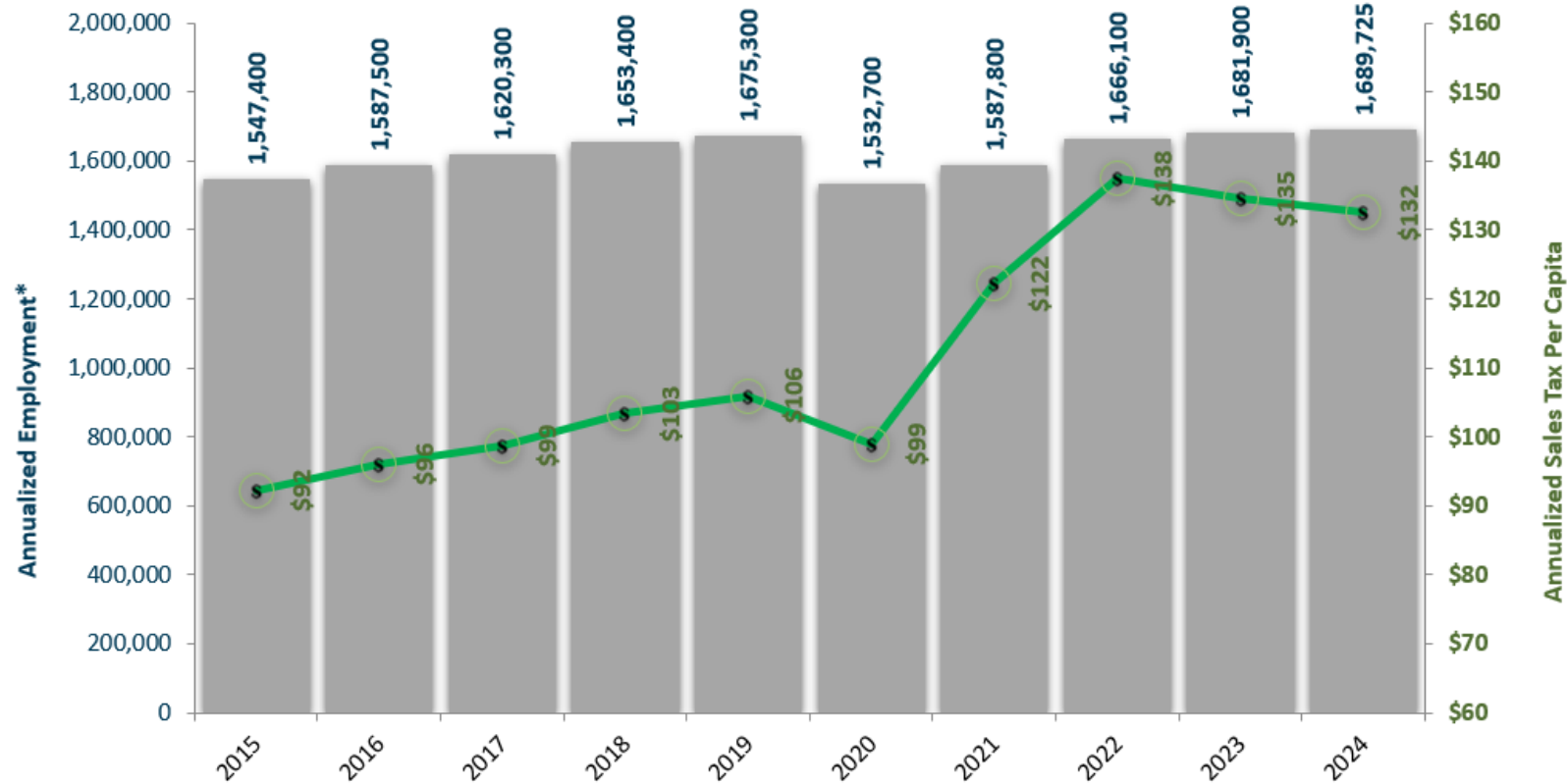
Uber Eats

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

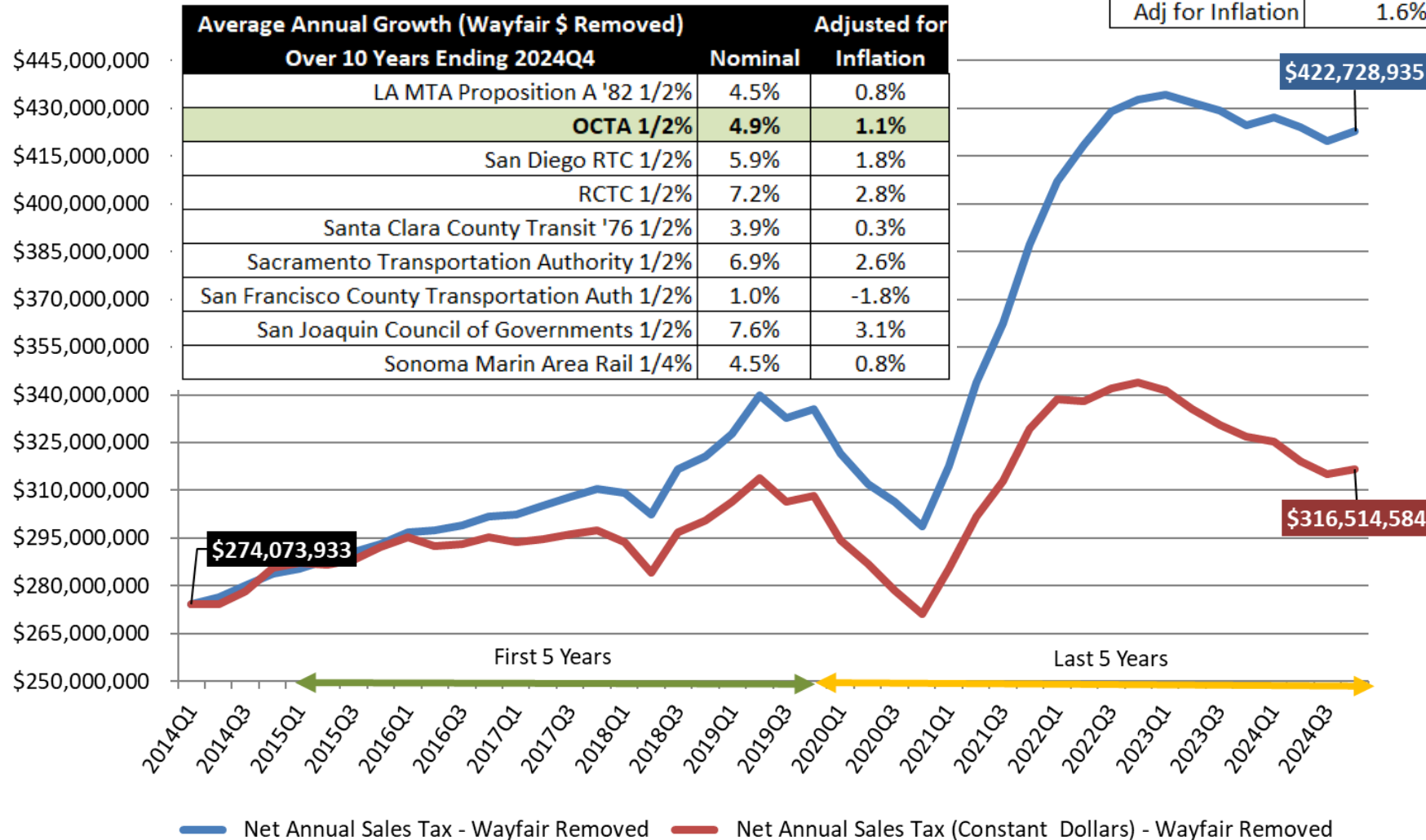
Calendar Years

Measure M2 ½ Sales and Use Tax

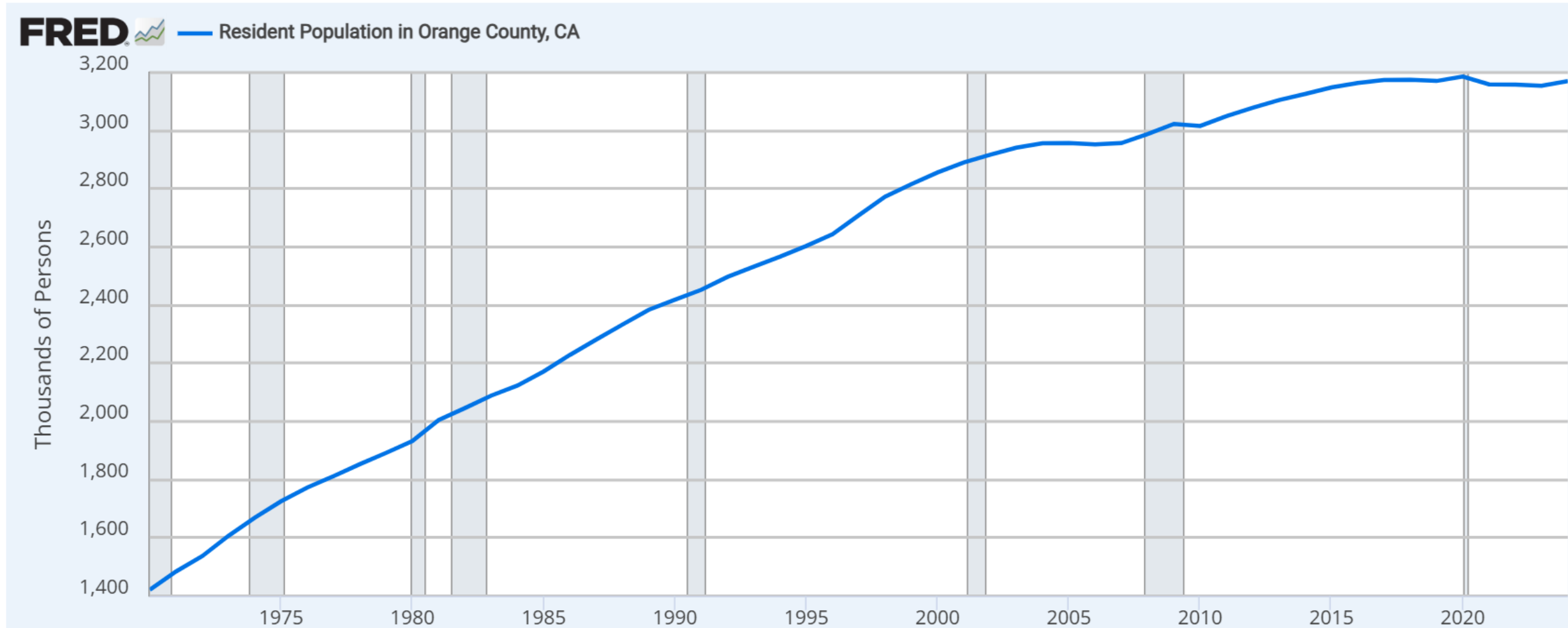
Ten Year Historic Growth Rates

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%



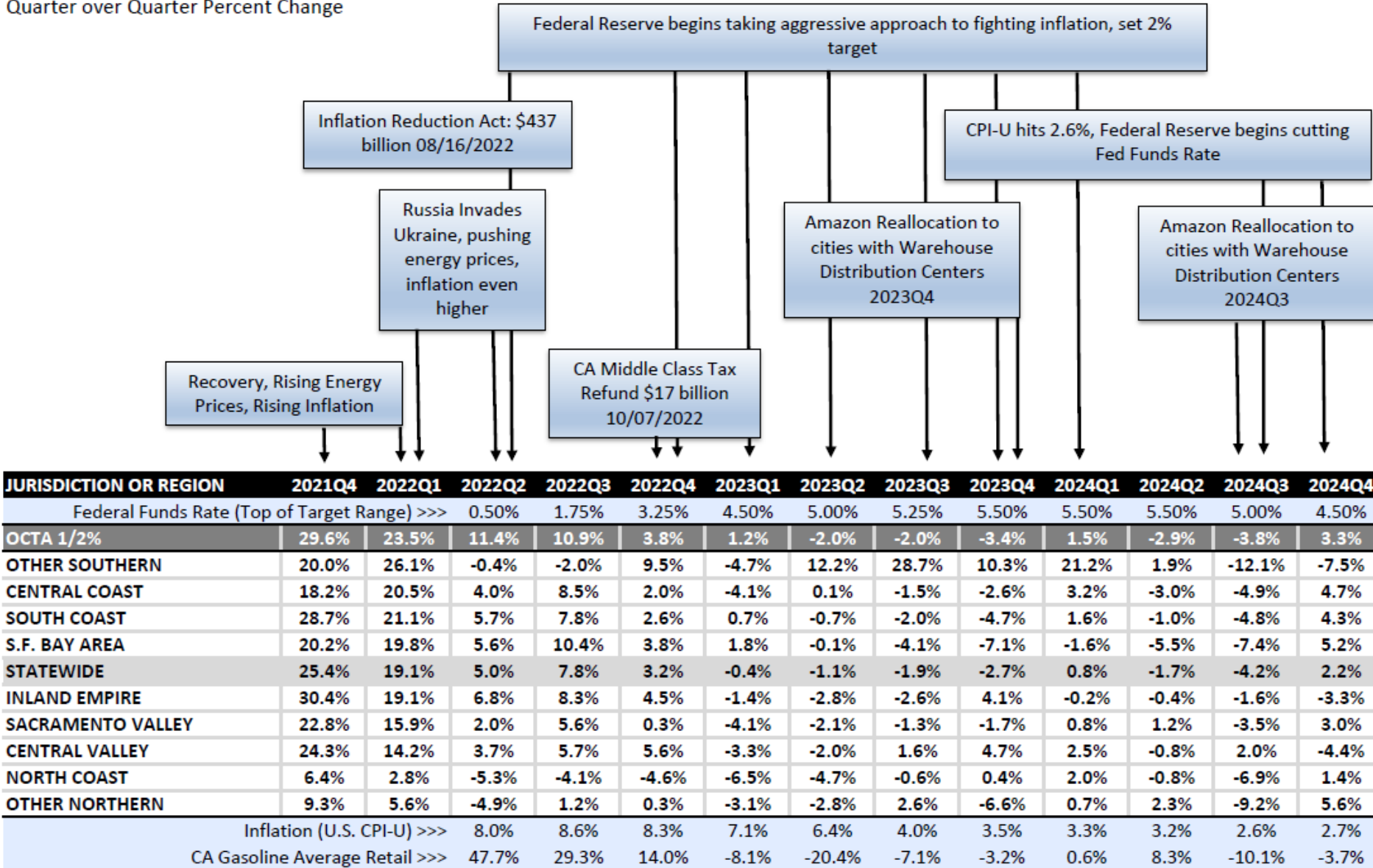
Historic Population Growth Rates



Recent Economic Issues & Trends

California Taxable Sales

Quarter over Quarter Percent Change



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

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

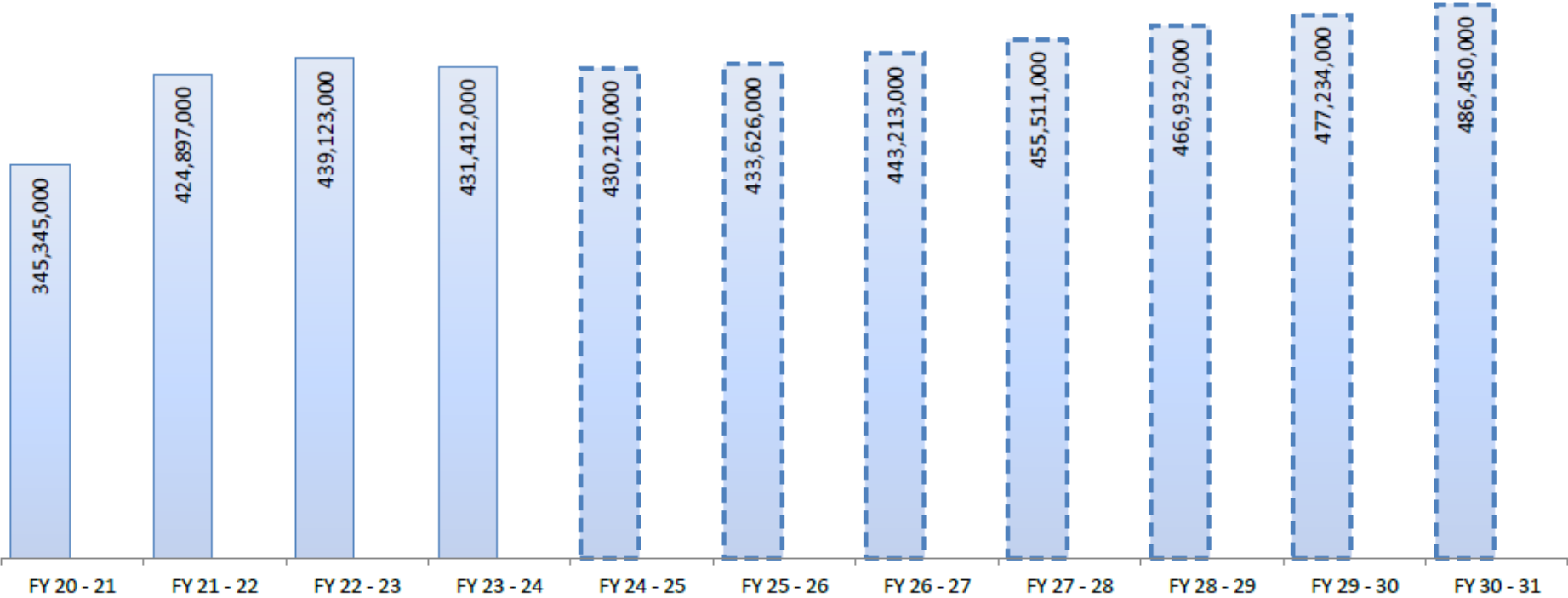
Forecast Caveats

- 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 (1½%) Forecast Projections

Gross Cash Projection

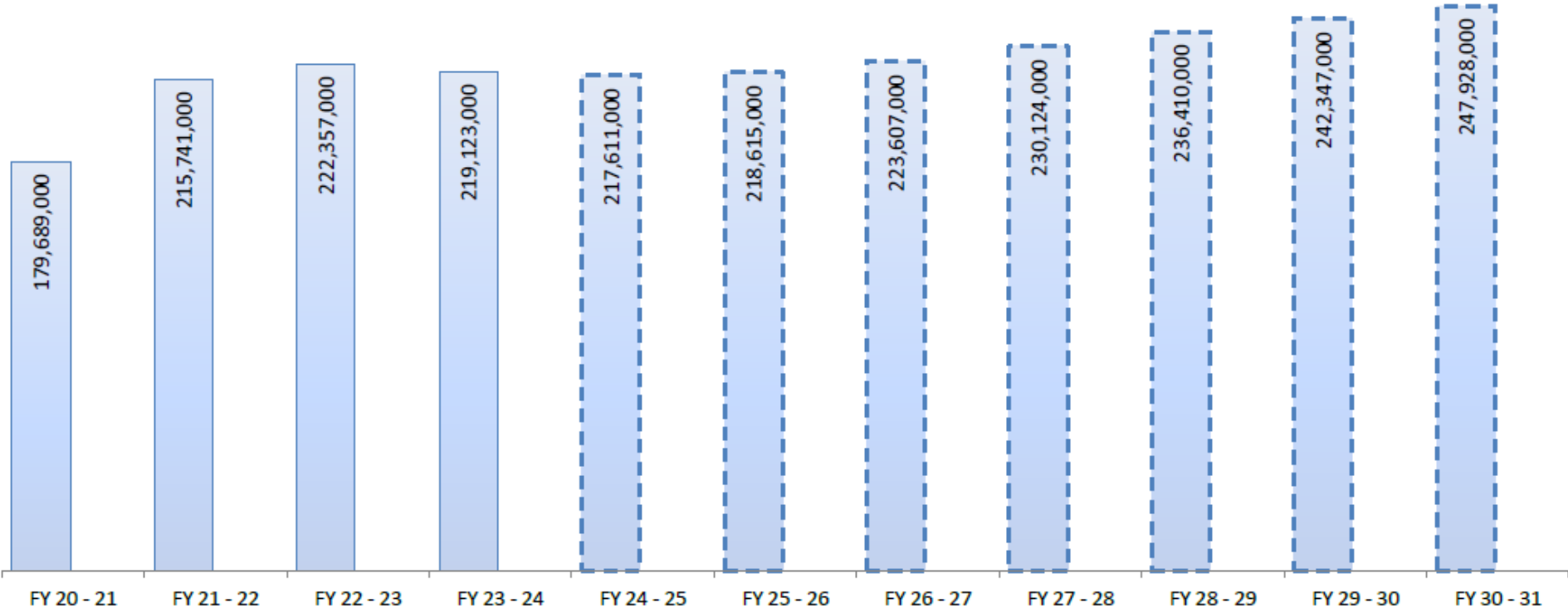
Voter Approved	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29	FY 29 - 30	FY 30 - 31
Cash Projection	431,412,000	430,210,000	433,626,000	443,213,000	455,511,000	466,932,000	477,234,000	486,450,000
Percent Change	-1.8%	-0.3%	0.8%	2.2%	2.8%	2.5%	2.2%	1.9%



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?