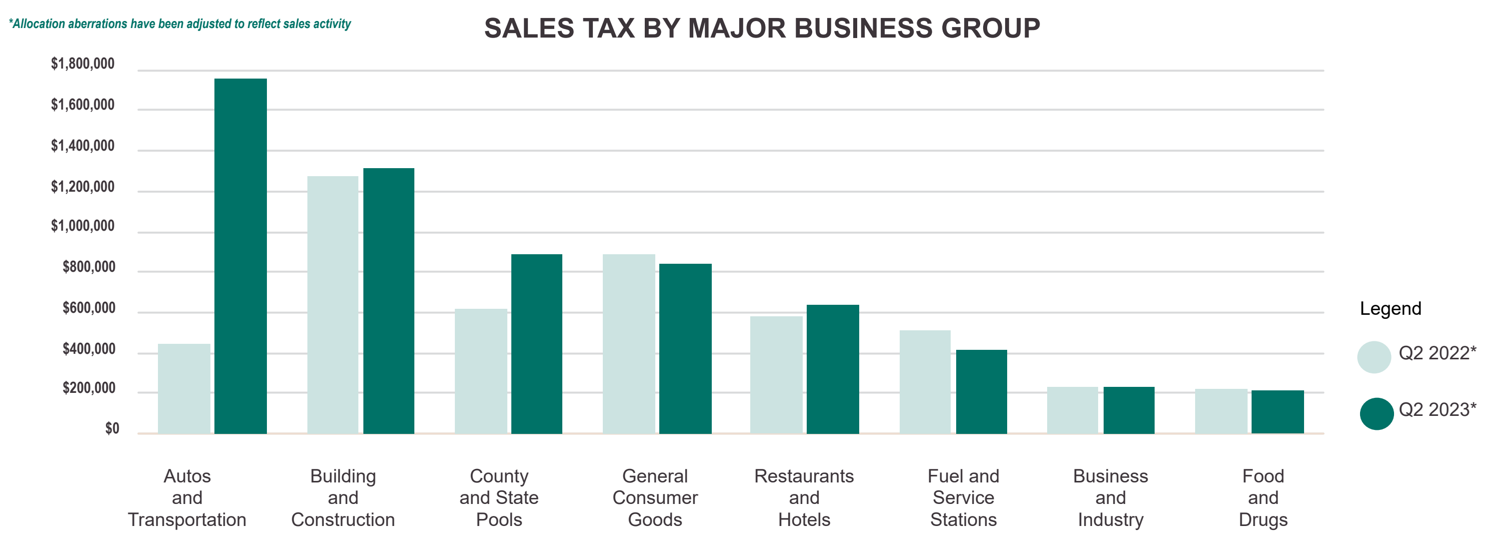
CITY OF UPLAND
SALES TAX UPDATE
2Q 2023 (APRIL - JUNE)

UPLAND	31.6%	-5.9%	-2.9%
TOTAL: $ 6,309,723	2Q2023	COUNTY	STATE



CITY OF UPLAND HIGHLIGHTS

Upland's receipts from April through June were 39.7% above the second sales period in 2022. Excluding reporting aberrations, actual sales were up 31.6%, significantly outperforming the State and regional trend.

This startling growth was primarily the result of a recent opening of a new auto-transportation vendor to Upland. Futhermore, this business addition had a positive impact by boosting the amount of revenue that the City received from the countywide use-tax pool. This funding is allocated among local agencies based on proportional cash receipts each quarter.

However, the bad news included a dip in tax receipts from local service stations, which was caused by a slump in gasoline prices that fell sharply compared to last year, when prices spiked in the aftermath of Russia's invasion of Ukraine in February 2022.

Specialty stores, sporting goods, bike stores, and other general consumer goods retailers also fell as consumers shifted away from the purchase of tangible goods, to spend more on travel, dining-out plus leisure and entertainment.

Net of aberrations, taxable sales for all of San Bernardino County declined 5.9% over the comparable time period; the Southern California region was down 2.9%.

TOP 25 PRODUCERS

7 Eleven
Caliber Collision Centers
Chevron
Chick Fil A
Crossroads Travel Center
Daniel Mechanical
Dick's Sporting Goods
Euclid Arco
Ford of Upland
Holliday Rock
Home Depot
In N Out Burger
Kohls
Lowes
Marshalls
Mountain View Chevrolet
Nordstrom Rack
Ross
Stater Bros
Target
Tesla Motors
Thrifty
TJ Maxx
Vons Fuel
Walmart

STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of April through June were 2.8% lower than the same quarter one year ago after adjusting for accounting anomalies. The second quarter of the calendar year was impacted by continued wet weather and a difficult comparison with the prior year, which experienced dramatic growth.

The fuel-service stations sector contributed the most to this decline as year-over-year (YOY) falling fuel prices at the pump reduced receipts from gas stations and petroleum providers. Russia's invasion of Ukraine and other world events during this period last year, pushed the global cost of crude oil to record highs. This dynamic also carried into general consumer goods as retailers selling fuel experienced a similar drop. Recently, OPEC and Russia have maintained production cuts having upward pressure on pricing again leading to future comparative growth.

Sustained wet conditions further delayed projects, especially those from the prior quarter, hindering building-construction returns. YOY lumber price declines added to the pull back from building materials providers. Higher interest rates represent a significant headwind for the industry with potential impacts of limited commercial development activity, slowing public infrastructure projects and homeowners left unable to access equity for renovations.

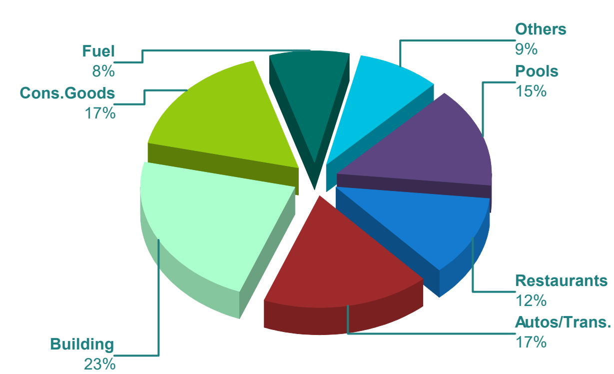
Despite a significant increase in new car registrations, revenue from autos-transportation fell by 1.4%. The improved activity can largely be attributed to rental car agencies restocking their fleets. However, these are wholesale transactions with sales tax charged upon rental of these vehicles. Weak demand for recreational vehicles, boats and motorcycles coupled with elevated overall financing costs remain challenges going forward.

Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets allocated directly to local agencies.

Restaurant sales were a bright spot as the summer season began. Although menu prices have flattened after a year of sharp gains, patrons are making more restaurant trips and are favoring spending their disposable income on experiences. Better sales by office material suppliers and enhanced investments of warehouse-farm-construction equipment contributed to improved returns for the business-industry category.

Sales tax for the remainder of 2023 appears likely to follow the recent trend of moderate declines before leveling off in early 2024. Cooling consumer confidence and greater pressure on household budgets may lead to a lackluster upcoming holiday shopping period. Furthermore, the possibility of a longer and more pronounced slowdown in economic activity exists as the Federal Reserve considers additional interest rate increases to combat high prices that are already stretching consumer wallets.

REVENUE BY BUSINESS GROUP
Upland This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Upland Business Type	Q2 '23*	Change	County Change	HdL State Change
Building Materials	457.1	-10.3%	-13.0%	-8.0%
Service Stations	412.1	-18.9%	-21.2%	-19.9%
Quick-Service Restaurants	310.6	19.1%	3.0%	3.2%
Casual Dining	235.7	4.8%	2.6%	4.5%
Specialty Stores	138.3	-2.8%	-3.5%	-1.3%
Family Apparel	130.8	3.6%	-1.3%	-1.0%
Grocery Stores	112.3	4.0%	-0.9%	2.9%
Sporting Goods/Bike Stores	80.8	-12.8%	-14.1%	-9.2%
Fast-Casual Restaurants	76.0	-3.8%	2.1%	3.8%
Auto Repair Shops	71.3	-7.1%	0.4%	2.3%

Allocation aberrations have been adjusted to reflect sales activity

In thousands of dollars