

# Orange County Transportation Authority

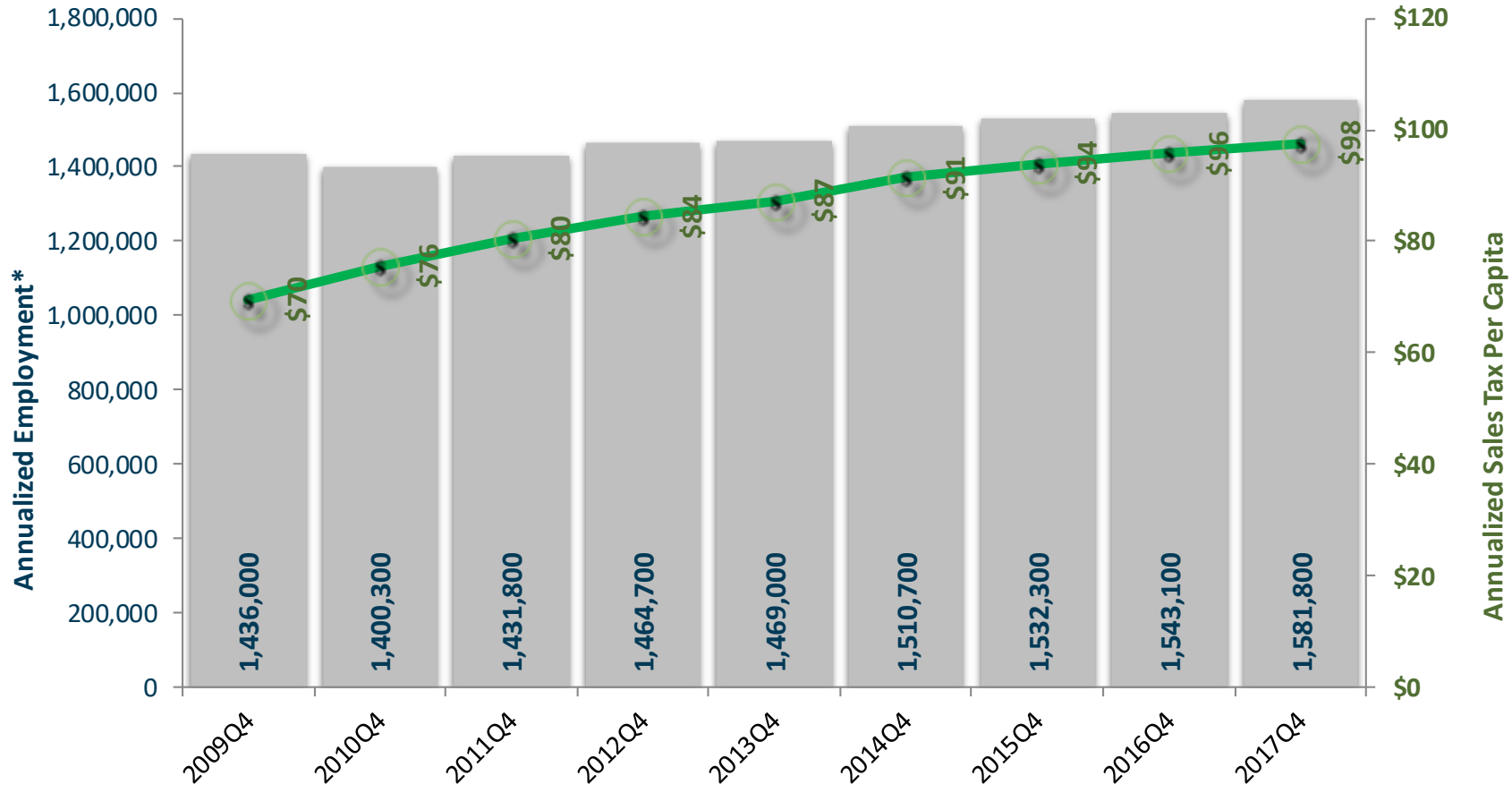
TDA & Measure M2 Forecast Overview

May 2018

# Current Sales Tax Performance

	Quarter over Quarter			Year over Year		
	Orange Co O.C.T.A	Los Angeles Mta	Sandag Transnet	Orange Co O.C.T.A	Los Angeles Mta	Sandag Transnet
<b>TOTAL</b>	<b>2.3%</b>	2.0%	2.8%	<b>2.7%</b>	2.4%	2.9%
GENERAL RETAIL	<b>1.9%</b>	1.2%	2.5%	<b>1.9%</b>	1.8%	2.2%
FOOD PRODUCTS	<b>3.1%</b>	2.7%	2.7%	<b>4.0%</b>	2.5%	3.3%
TRANSPORTATION	<b>3.1%</b>	1.8%	2.5%	<b>3.3%</b>	2.0%	3.5%
CONSTRUCTION	<b>7.1%</b>	7.6%	11.2%	<b>4.6%</b>	4.7%	7.3%
BUSINESS TO BUSINESS	<b>-0.3%</b>	1.5%	<b>-0.1%</b>	<b>1.2%</b>	2.2%	0.1%
Restaurants	<b>3.6%</b>	4.0%	3.0%	<b>4.5%</b>	4.3%	3.7%
Auto Sales - New	<b>3.0%</b>	0.1%	<b>-0.3%</b>	<b>3.0%</b>	<b>-0.3%</b>	2.2%
Miscellaneous Retail	<b>1.1%</b>	<b>-0.2%</b>	<b>-0.9%</b>	<b>2.9%</b>	1.8%	2.8%
Department Stores	<b>1.9%</b>	2.7%	4.1%	<b>1.3%</b>	2.9%	2.6%
Light Industry	<b>1.1%</b>	<b>-1.5%</b>	<b>-5.4%</b>	<b>-0.8%</b>	0.6%	<b>-4.8%</b>
Service Stations	<b>6.6%</b>	7.3%	10.5%	<b>6.2%</b>	7.6%	8.4%
Bldg.Matls-Whsle	<b>4.5%</b>	9.2%	12.9%	<b>3.5%</b>	4.7%	7.6%
Apparel Stores	<b>0.7%</b>	0.9%	2.8%	<b>0.6%</b>	1.4%	1.3%
Furniture/Appliance	<b>8.4%</b>	3.6%	6.6%	<b>6.0%</b>	3.0%	3.2%
Bldg.Matls-Retail	<b>10.5%</b>	5.5%	8.9%	<b>5.9%</b>	4.6%	7.1%
Food Markets	<b>0.9%</b>	<b>-2.8%</b>	1.9%	<b>1.9%</b>	<b>-4.4%</b>	1.9%
Leasing	<b>3.7%</b>	3.8%	15.8%	<b>6.2%</b>	8.4%	8.2%
Heavy Industry	<b>6.5%</b>	2.4%	15.0%	<b>6.5%</b>	<b>-0.6%</b>	9.1%
Office Equipment	<b>-7.0%</b>	0.9%	<b>-6.6%</b>	<b>-3.6%</b>	<b>-3.9%</b>	<b>-6.0%</b>

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

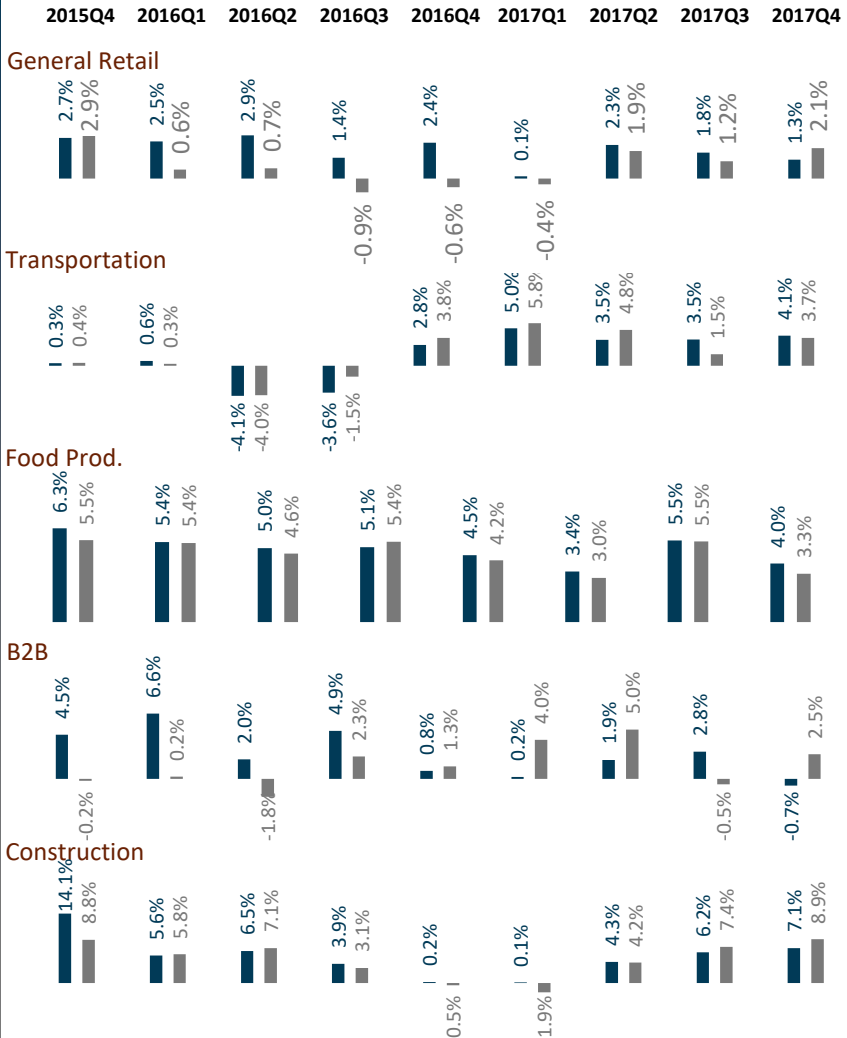
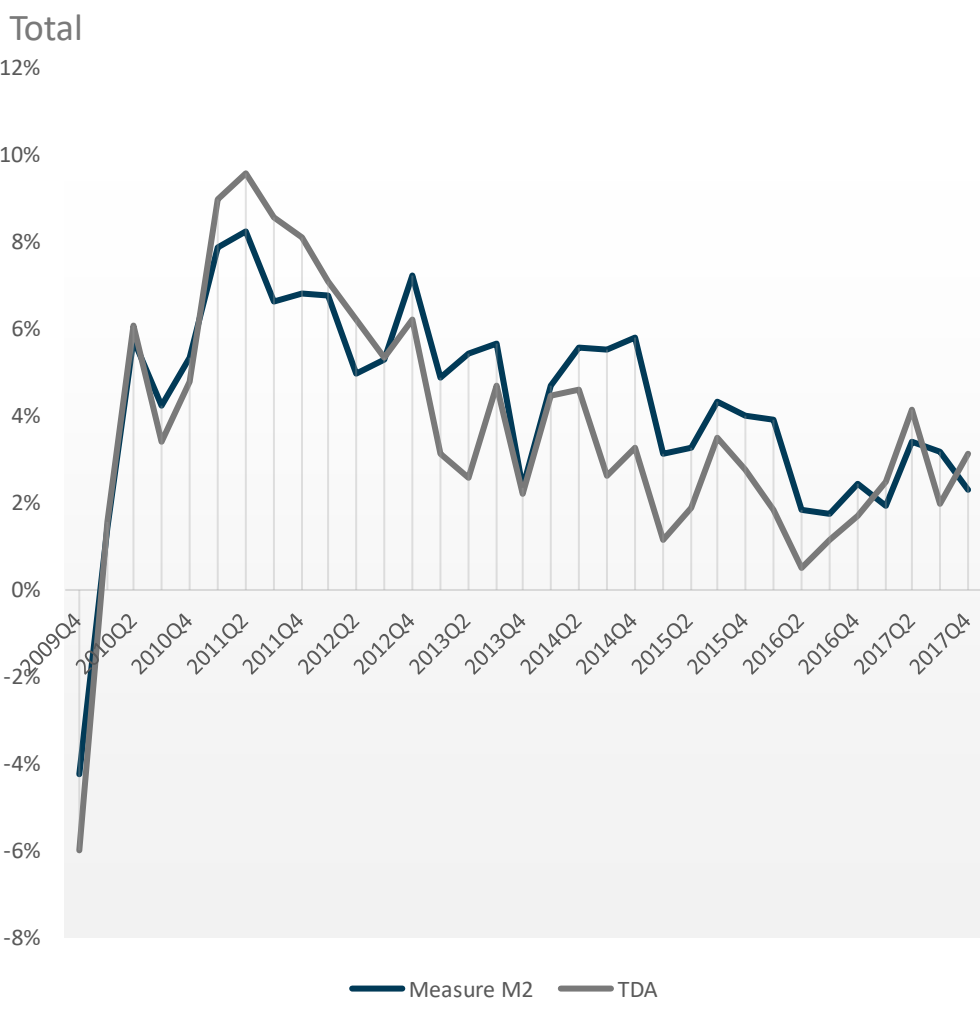


A Correlation Coefficient of 1 indicates a Perfect Positive Correlation.

Correlation Coefficient: **0.91**

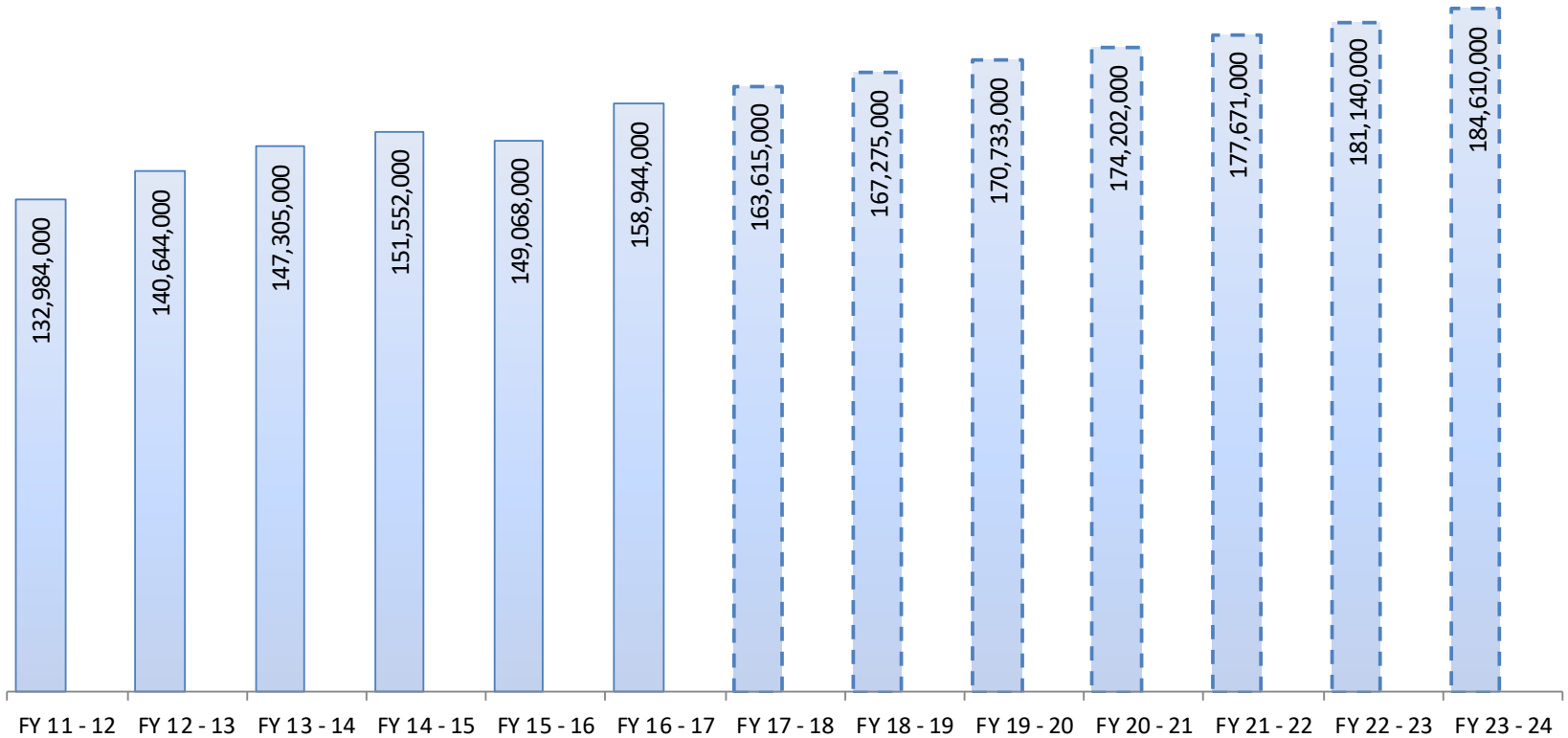
# Historical and Recent Trends in Total and by Category

Change from Prior Year Same Quarter



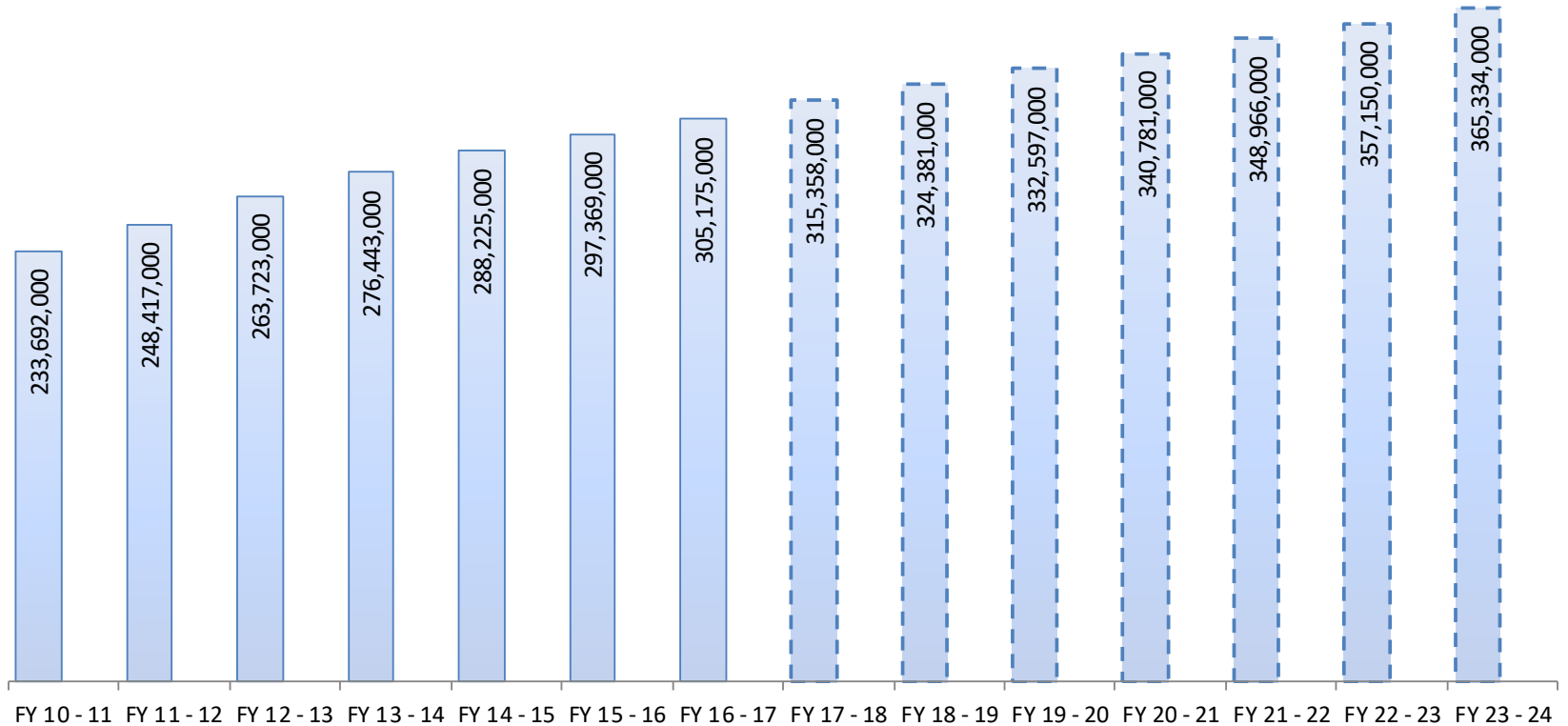
# TDA (LTF) Forecast Projection

Voter Approved	FY 16 - 17	FY 17 - 18	FY 18 - 19	FY 19 - 20	FY 20 - 21	FY 21 - 22	FY 22 - 23	FY 23 - 24
Projection	158,944,000	163,615,000	167,275,000	170,733,000	174,202,000	177,671,000	181,140,000	184,610,000
Percent Change	6.6%	2.9%	2.2%	2.1%	2.0%	2.0%	2.0%	1.9%



# Measure M2 Forecast Projection

Voter Approved	FY 16 - 17	FY 17 - 18	FY 18 - 19	FY 19 - 20	FY 20 - 21	FY 21 - 22	FY 22 - 23	FY 23 - 24
Projection	305,175,000	315,358,000	324,381,000	332,597,000	340,781,000	348,966,000	357,150,000	365,334,000
Percent Change	2.6%	3.3%	2.9%	2.5%	2.5%	2.4%	2.3%	2.3%



# Assumptions

TDA	M2
<ul style="list-style-type: none"> <li>General Retail expected to have lower growth overall as online retail grows</li> </ul>	<ul style="list-style-type: none"> <li>While brick and mortar stores see higher competition from internet, direct allocation of district tax offsets some erosion</li> </ul>
<ul style="list-style-type: none"> <li>Food Products (markets &amp; restaurants) continue to have robust growth</li> </ul>	<ul style="list-style-type: none"> <li>Food Products for district tax will also see same robust growth</li> </ul>
<ul style="list-style-type: none"> <li>Transportation: fuel prices return higher sales tax revenue while new auto sales taper off from 5% to 2% overall</li> </ul>	<ul style="list-style-type: none"> <li>Transportation: same results in fuel prices leading to higher sales tax revenue. Auto sales should have slightly higher growth as OCTA captures revenue from all residents.</li> </ul>
<ul style="list-style-type: none"> <li>Construction: New construction to slow into 2019-2020 with tapering growth. Retail construction expected to maintain 3% growth as consumers benefit from strong employment growth.</li> </ul>	<ul style="list-style-type: none"> <li>Construction: While new construction slows in the region, construction specific to Orange county jobsites should see slightly higher growth.</li> </ul>
<ul style="list-style-type: none"> <li>Business to Business: trend toward cloud as well as software applications replacing hardware, IT infrastructure spending is expected to decline – in particular from a taxable sales perspective.</li> </ul>	<ul style="list-style-type: none"> <li>Business to Business: same trend will impact M2 revenues in a similar manner</li> </ul>

# Questions