

# City Manager Weekly Update

**TO:** Mayor and City Council Members  
City Commissioners

**FROM:** Benjamin Siegel, City Manager

**DATE:** July 15, 2021

**SUBJECT:** Weekly Update

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**Riding Park Request for Proposals Update:** In April 2021, the City issued a Request for Proposals/Qualifications for a long-term operator of the Rancho Mission Viejo Riding Park at San Juan Capistrano. The deadline to submit proposals was today. The City received three proposals: Frontier Real Estate Investments; Capistrano Experience; and, The Ridland Group. Importantly, prior to negotiations with the proposers, the City must complete the state-mandated Surplus Land Act property noticing process, which is currently underway.

**First Quarter Sales Tax Revenue:** The City's sales tax consultant (HdL, Inc.) has provided the results of its analysis of merchant sales activity for January through March 2021 (first calendar quarter). The City's adjusted sales tax revenue generated by first quarter sales was 20.6% higher than the same quarter in 2020. This compares to a 7.2% increase for all of Orange County. This phenomenal result was largely the result of a 46% increase in new car sales that far exceeded the 33% statewide trend. The increase in new car sales during the quarter significantly contributed to a 51% increase in receipts from the countywide sales tax pool, which accounts for the sales tax collected from most online purchases countywide. San Juan Capistrano received a larger share of this pool of online sales tax dollars because the pool is allocated to local agencies based on proportional cash receipts, which grew faster in San Juan Capistrano than anywhere else in the county. In addition, whereas restaurants countywide saw a significant decline (-10.1% for the County as a whole) in the amount of taxable sales generated in the first quarter due to significant pandemic-related business restrictions, our local restaurants actually saw a small (2.4%) year over year increase in taxable sales. The attached report summarizes first quarter sales tax data by major business category, along with commentary on the economic trends indicated by the sales activity. The HdL report also identifies the Top 25 businesses that generated the greatest amount of sales activity in the first quarter.

**Goin Native Lecture Event:** This Saturday, July 17, at 9:30 a.m., Goin Native will host a lecture event at Reata Park (28632 Ortega Hwy) featuring Dr. Leon Baginski. The presentation will focus on the importance of incorporating native plants into our home gardens and landscaping. Native landscapes often attract pollinators and native wildlife that are both beautiful and play an important role in our local ecosystem. For additional information on future Goin Native events, please visit the organization's [website](#).

**OCFA Wildfire Preparedness:** Summer is in full swing and serves as a reminder to prepare our families, homes, and businesses for a potential wildfire event. The Orange County Fire Authority encourages residents to utilize the [“Ready, Set, Go!”](#) resources and create a wildfire action plan now, long before a wildfire threatens their home. A wildfire action plan should include a family evacuation plan, disaster supply kit with food, water and basic supplies for the entire family that will last at least 72 hours, and a “go” bag with needed prescriptions, copies of important documents or irreplaceable items. Additionally, OCFA offers helpful online tools for residents to conduct a [home assessment](#) to identify vulnerabilities in the event of a wildfire. Please visit the OCFA [website](#) for additional fire prevention and preparedness information.

**Summer Energy Conservation Tips:** During high heat events typical in the summer months, the California Independent Systems Operator (CAISO), the nonprofit public benefit corporation that manages the high-voltage electric grid for 80 percent of California, issues Flex Alerts due to the increased energy demand caused by high temperatures. During a Flex Alert, residents are encouraged to take three simple actions: set air conditioners to 78 degrees or higher, use major appliances before 3:00 p.m., and turn off all unnecessary lights to avoid the need for rotating power outages. Residents are encouraged to implement conservation efforts now to avoid the need for a Flex Alert to be issued. To sign up to receive e-mail or text notifications of an active Flex Alert, visit the CAISO [website](#). Please see the attached *Summer High Heat Event Fact Sheet* for additional guidance on how to conserve energy during an active Flex Alert.

## **UPCOMING CITY COUNCIL AGENDA ITEMS (*Tentative and Subject to Change*)**

### **July 20, 2021**

- Initiation of Amendment to the Forster Canyon Planned Community Development Plan (Proposed Residential Development on Camino Las Ramblas)
- General Plan Update (Housing, Safety, and Environmental Justice Elements)
- Fiscal Year 2020-21 Third Quarter Financial Report

# SAN JUAN CAPISTRANO

## SALES TAX UPDATE

### 1Q 2021 (JANUARY - MARCH)



**SAN JUAN CAPISTRANO**

TOTAL: \$ 2,332,050

20.6%  
1Q2021



7.2%  
COUNTY

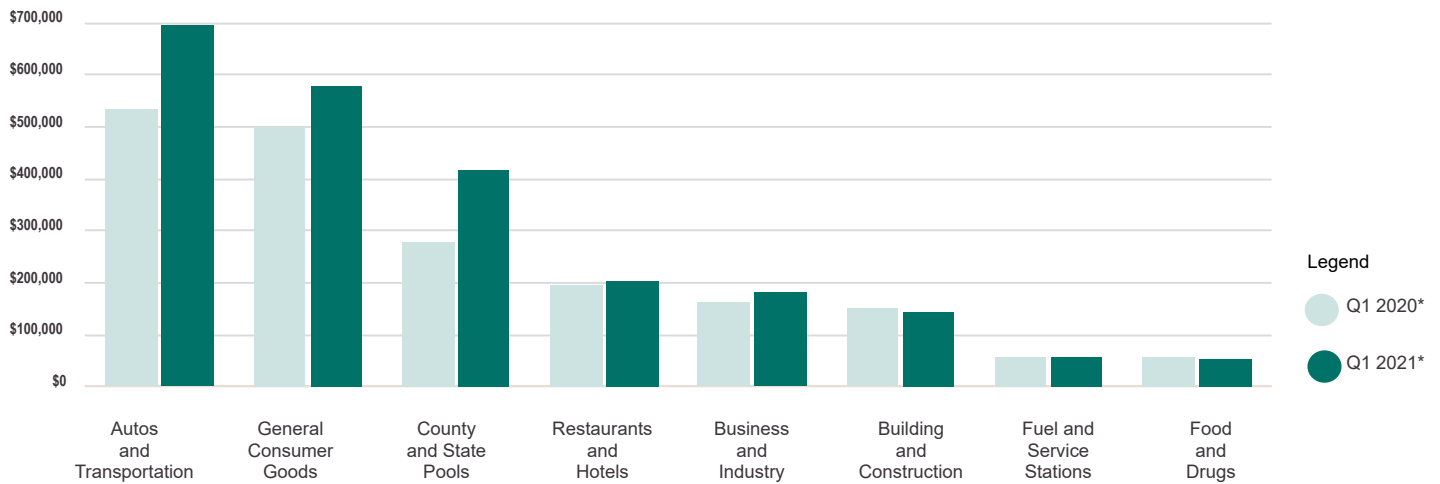


9.5%  
STATE



*\*Allocation aberrations have been adjusted to reflect sales activity*

### SALES TAX BY MAJOR BUSINESS GROUP



### SAN JUAN CAPISTRANO HIGHLIGHTS

San Juan Capistrano's receipts from January through March were 66.3% above the first sales period in 2020. Adjusting for reporting aberrations, which included numerous tax payment delays last year as the pandemic began, actual sales were up 20.6%.

This phenomenal result was driven largely by spiking new car sales that surged 46%, outpacing the 33% statewide trend. A shortage of popular models led to rapidly increasing prices and a near buying frenzy among some consumers after a year of ascetic pandemic living.

The positive impact of the increase in auto sales was compounded by a 51% surge in receipts from the countywide use-tax pool. San Juan Capistrano received a larger share of this funding as it is allocated among local agencies

based on proportional cash receipts, which grew faster in the City than anywhere else in the County.

Sales of garden and agricultural supplies and electronics and appliances were also strong. A recent retail store opening in the City also made an important contribution to the overall improvement.

Net of aberrations, taxable sales for all of Orange County grew 7.2% over the comparable time period; the Southern California region was up 9.0%.



### TOP 25 PRODUCERS

- |                               |                          |
|-------------------------------|--------------------------|
| 7 Eleven                      | Petsmart                 |
| Capistrano Ford               | Plant Depot              |
| Capistrano Valley Toyota      | Rite Aid                 |
| Capistrano VW/Mazda           | Ross                     |
| Coastline Chrysler            | Shell                    |
| Dodge Jeep Ram                | Siteone Landscape Supply |
| Costco                        | Target                   |
| DM Color Express              | Vons                     |
| Ferguson Enterprises          |                          |
| HD Supply                     |                          |
| Hirsch Pipe & Supply          |                          |
| Honda Lease Trust             |                          |
| Marshalls                     |                          |
| Nissan of San Juan Capistrano |                          |
| Ocean Honda                   |                          |
| Pacific Sales                 |                          |
| Pacific Sales w/Best Buy      |                          |
| Paradise Automotive Group     |                          |



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring January through March, was 9.5% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The Shelter-In-Place directive began one year ago which had the impact of immediate store and restaurant closures combined with remote/work from home options for employees which significantly reduced commuting traffic and fuel sales. When comparing to current period data, percentage gains are more dramatic. Furthermore, this pandemic dynamic combined with the Governor’s first Executive Order of last spring allowing for deferral of sales tax remittances explained why non-adjusted cash results were actually up 33%.

These initial recovery gains were not the same everywhere. Inland regions like Sacramento, San Joaquin Valley, Sierras, Far North and the Inland Empire area of Southern California performed much stronger than the Bay Area, Central Coast and metro areas of Southern California.

Within the results, solid performance by the auto-transportation and building-construction industries really helped push receipts higher. Weak inventories and scarcity for products increased the taxable price of vehicles (new & used), RV’s, boats and lumber which appeared to be a major driving force for these improved returns. Even though e-commerce sales activity continued to rise, brick and mortar general consumer retailers also showed solid improvement of 11% statewide.

An expected change occurred this quarter as a portion of use tax dollars previously distributed through the countywide pools was redirected to specific local jurisdictions. Changes in business structure required a

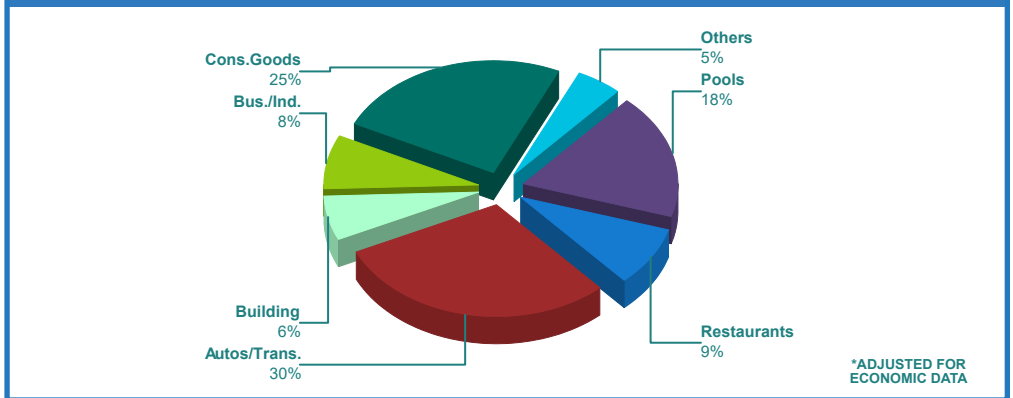
taxpayer to determine where merchandise was inventoried at the time orders were made. Therefore, rather than apportion sales to the county pool representing where the merchandise was shipped, goods held in California facilities required allocations be made to the agency where the warehouse resides. With this modification, the business and industry category jumped 18% inclusive of steady gains by fulfillment centers, medical-biotech and garden-agricultural suppliers. Even after the change noted, county pools surged 18% which demonstrated consumers continued desire to make purchases online.

Although indoor dining was available in many counties, the recovery for restaurants

and hotels still lagged other major categories. Similarly, while commuters and travelers slowly began returning to the road, the rebound for gas stations and jet fuel is trailing as well. Both sectors are expected to see revenues climb in the coming quarters as commuters and summer tourism heats up.

Looking ahead, sustained growth is anticipated through the end of the 2021 calendar year. As a mild head wind, pent up demand for travel and experiences may begin shifting consumer dollars away from taxable goods; this behavior modification could have a positive outcome for tourist areas within the state.

REVENUE BY BUSINESS GROUP  
San Juan Capistrano This Quarter\*



TOP NON-CONFIDENTIAL BUSINESS TYPES

San Juan Capistrano Business Type	Q1 '21*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	537.6	46.3% ↑	39.9% ↑	33.2% ↑
Casual Dining	114.9	2.4% ↑	-10.1% ↓	-18.9% ↓
Garden/Agricultural Supplies	84.8	28.2% ↑	19.9% ↑	8.8% ↑
Electronics/Appliance Stores	63.0	45.4% ↑	-5.2% ↓	9.0% ↑
Building Materials	62.8	-2.6% ↓	17.5% ↑	18.9% ↑
Auto Lease	59.6	-7.3% ↓	0.9% ↑	-1.1% ↓
Service Stations	58.8	3.5% ↑	-4.6% ↓	-4.1% ↓
Quick-Service Restaurants	56.9	24.5% ↑	1.1% ↑	1.0% ↑
Plumbing/Electrical Supplies	49.3	8.8% ↑	8.9% ↑	4.6% ↑
Specialty Stores	48.2	19.3% ↑	5.7% ↑	9.0% ↑

\*Allocation aberrations have been adjusted to reflect sales activity \*In thousands of dollars



# Summer High Heat Event Fact Sheet

California public utility companies carefully plan for times when electricity may be in short supply, and typically the power grid has ample reserves to accommodate demand. However, during the summer when air conditioning drives up electricity usage, there is a potential for electricity interruption. Please see information below intended to assist the community in preparations for high temperatures which often include periods of electricity interruption.

## **Public Safety, Utilities and Public Works Operations**

Emergency response services remain fully staffed and operational. In an event of an emergency, dial 9-1-1. For all other non-emergency matters, contact the Orange County Sheriff's Department Dispatch at (949) 770-6011. The City's Utilities Department is taking steps to ensure that water and sewer service to our customers will continue uninterrupted. Back-up generators have been placed at critical well sites and staff remains on-call to respond to calls for service. Additionally, Public Works maintenance operations staff remain in the field responding to calls for service.

## **What is a Flex Alert?**

A Flex Alert is issued by the California Independent Systems Operator (ISO), a nonprofit, public benefit corporation that manages the high-voltage electric grid for 80 percent of California. A Flex Alert is typically issued in the summer months when extremely hot weather pushes up energy demand as it reaches available capacity. This usually happens in the evening hours when consumers are returning home and switching on air conditioners, lights, and appliances. When a Flex Alert is issued, residents are encouraged to take three simple actions:

1. Set your air conditioner to 78 degrees or higher, if health permits
2. Use major appliances before 3:00 p.m.
3. Turn off all unnecessary lights

## **SDG&E Customer Information**

During a high heat event, SDG&E, the City's electricity service provider, will provide information on their website informing customers of energy conservation activations. During these activations, higher than usual rates may be in place during peak electricity usage hours. Please visit the SDG&E website - <https://www.sdge.com/energy-conservation-activations> - or call the telephone numbers below for important information that could impact your utility bill.

- Residential customers: 1 (800) 411-7343
- Business customers: 1 (800) 336-7343

## **If rotating outages are called, how will I know if/when it's my turn? How long do they last?**

If we are in a situation that requires the California ISO to call for rotating outages, SDG&E will communicate to customers through local media, social media, and phone calls to alert them of the situation. Customers can identify whether they may be impacted by checking their SDG&E paper bill, the SDG&E app or at [sdge.com/myaccount](https://sdge.com/myaccount). Customers are encouraged to monitor [sdgenews.com](https://sdgenews.com) for up to date information, including outage duration estimates.

## **High Heat Event Preparedness**

During a high heat event your body works extra hard to maintain a normal temperature, which can lead to severe health complications. In the event of an extreme heat warning, residents are encouraged to avoid strenuous activity, wear light clothing, check-in on family members and neighbors, drink plenty of fluids, and never leave people or pets in a closed car.



## Planilla Informativa de Eventos de Altas Temperaturas en el Verano

Las empresas de servicios públicos de California planifican cuidadosamente los momentos en que la electricidad pueda escasear, y típicamente la red eléctrica tiene amplias reservas para satisfacer la demanda. Sin embargo, durante el verano, cuando el aire acondicionado incrementa el consumo de electricidad, existe la posibilidad de que se interrumpa el servicio eléctrico. Por favor, consulte la información que aparece a continuación con el fin de ayudar a la comunidad a prepararse para las altas temperaturas que a menudo incluyen períodos de interrupción del servicio eléctrico.

### **Seguridad Pública, Servicios Públicos y Operaciones de Obras Públicas**

Los servicios de socorro de emergencia continúan estando completamente equipados con personal y en funcionamiento. En casos de emergencia, marque el 9-1-1. Para cualquier otro asunto que no sea de emergencia, comuníquese con el Despacho del Departamento del Sheriff del Condado de Orange al (949) 770-6011. El Departamento de Servicios Públicos de la Ciudad está tomando medidas para garantizar que el servicio de agua potable y alcantarillado continúe sin interrupciones para nuestros clientes. Se han colocado generadores de reserva en lugares críticos de los pozos y el personal permanecerá de guardia para responder a las llamadas de servicio. Además, el personal de operaciones de mantenimiento de Obras Públicas permanece en el campo respondiendo a las llamadas de servicio.

### **¿Qué es una Alerta Flex?**

La alerta Flex es emitida por el Operador de Sistemas Independientes de California (ISO, por sus siglas en inglés), una corporación sin fines de lucro y de beneficio público que administra la red eléctrica de alto voltaje para el 80 % de California. Una Alerta Flex se emite típicamente en los meses de verano, cuando el clima extremadamente caluroso incrementa la demanda de energía al llegar a la capacidad disponible. Esto suele ocurrir en las horas de la noche cuando los consumidores regresan a sus casas y conectan el aire acondicionado, las luces y los electrodomésticos. Cuando se emite una Alerta Flex, se alienta a los residentes a tomar tres simples medidas:

1. Programe su aire acondicionado a 78° o más, si su salud lo permite.
2. Usar aparatos electrodomésticos comunes antes de las 3:00 p.m.
3. Apague todas las luces que no sean necesarias.

### **Información del Consumidor de Gas y Electricidad de San Diego (SDG&E, por sus siglas en inglés).**

Durante un evento de temperaturas elevadas, SDG&E, el proveedor de servicios eléctricos de la ciudad, proporcionará información en su sitio web informando a los consumidores de las activaciones de conservación de energía. Durante estas activaciones, se pueden aplicar tarifas más altas de lo habitual durante las horas de mayor consumo de electricidad. Por favor visite el sitio web de SDG&E - <https://www.sdge.com/energy-conservation-activations> - o llame a los siguientes números telefónicos para obtener información importante que podría impactar su factura de servicios.

- Consumidores Residenciales: 1 (800) 411-7343
- Consumidores Empresariales: 1 (800) 336-7343

### **Si se convocan apagones rotativos, ¿cómo podré enterarme si o cuando es mi turno? ¿Cuánto tiempo llevan?**

Si nos encontramos en una situación que requiera que el ISO de California convoque a cortes rotativos, el SDG&E se comunicará con los consumidores a través de los medios informativos locales, los medios sociales y llamadas telefónicas para alertarlos de la situación. Los consumidores pueden identificar si pueden ser afectados revisando su factura de SDG&E, la aplicación de SDG&E o en [sdge.com/myaccount](https://www.sdge.com/myaccount). Se le recomienda a los consumidores que consulten el sitio

[sdgenews.com](http://sdgenews.com) para obtener información actualizada, incluyendo estimaciones de la duración de la interrupción del servicio.

### **Preparación para Eventos de Altas Temperaturas**

Durante el caso de un evento de altas temperaturas, su organismo trabaja intensamente para mantener una temperatura normal, lo cual puede conducir a graves complicaciones para su salud. En caso de una advertencia de temperaturas extremas, se le recomienda a los residentes que eviten actividades extenuantes, que usen ropa ligera, se reporten con sus familiares y vecinos, que ingieran muchos líquidos y que nunca dejen a personas o mascotas en un auto cerrado.